made no tax return, petitioner having included the same in its own return. So far as advice, assistance, etc., is concerned there is no record made in this case upon which the Commission could make any allowance in dollars or cents. The testimony is based upon vague generalities, not upon any knowledge of actual facts relative to specific costs. Recently, Utilities Commissions declare that the allowance for advice, special service, counselling, etc., are not proved with reasonable certainty. The present applicant carries a great amount of such service for its own concern and out of its earnings. In the absence of some showing to the contrary, we cannot allow more than it claims for its own organization.

The Vice President of the petitioner, Mr. Yundt, does testify, however, that this contract includes an allowance of approximately $93,000.00 for the annual use of some 68,000 instruments. This is the only item proved with any reasonable or particular certainty. It develops that the total cost of these instruments would be around $340,000.00, and, therefore, the allowance of $93,000.00, apparently, is in itself quite excessive. There is no showing that such instruments depreciate at any abnormal degree.

110 We have attempted to aid the record on this point by making the American Telephone & Telegraph Company, applicant's parent concern, a party to this case for the final hearing, at which time they will be able to supply such definite information and testimony with their subsidiary as may be possible under all circumstances; but, for the present and until further information is supplied, this Commission feels that it must adopt the same policy as has been adopted by a number of other Commissions.

The Missouri Commission in the Southwestern Telephone & Telegraph Company case, for the City of St. Louis, held that the public should not be bound by the 4½ per cent. contract and that the Commission would value the Company's property, that is, the instruments of the American Telephone & Telegraph Company, as though they were owned by the subsidiary corporation. This case was appealed on other point. The same Commission, in the Caruthersville case, disallowed the 4½ per cent. and ordered the capitalization of instruments as though they were owned by he subsidiary company. The balance of the 4½ per cent. was added to the revenues.

The Oregon Public Service Commission, in the case of Pacific Telephone & Telegraph Company, included the equipment of the American Telephone & Telegraph Company in the list of properties of the subsidiary corporation and the balance of the 4½ per cent. was excluded from operating expenses.

Such was the action of the New York Commission in the New York Telephone Company case, for the City of New York, and of the Illinois Commission.

In the case of State ex rel. Southwestern Bell Telephone Company vs. Public Service Commission of Missouri, on the 24th day of May, 1921, the Supreme Court of Missouri reviewed the decision of the Public Service Commission of that State, and its refusal to allow the full amount claimed under the 4½ per cent. contract, and sustained the Commission's holding that such an allowance was unreasonable.

In the case of Kansas City vs. Kansas City Telephone Company, the Public Service Commission made a similar allowance as is made in the St. Louis case.

The Kansas Public Service Commission, in the case of City of Great Benn vs. Southwestern Bell Telephone Company, decided October 20th, 1921, held that the payment of the 4½ per
111 cent. was disapproved as operating expenses and it allowed the value of the instruments just as in other cases.

A rather old case on this question was a decision of the Oklahoma Commission in the Pioneer Telephone & Telegraph Company case, wherein the 4½ per cent. was disallowed and the telephone equipment was considered as part of the subsidiary company's plant. This case was later taken to the Courts, and while reversed on other points, the applicant's attorney admits that the decision of the Commission as to the 4½ per cent. contract was nowhere disturbed or modified.

It is unnecessary to go further into various decisions of other States, some of whom have modified the contract and have allowed from 2 per cent. to 2½ per cent. out of the operating revenues of the subsidiary corporation instead of the 4½ per cent. Other Commissions who have allowed the 4½ per cent. have done so by criticising the allowances and reserving a right to institute a further investigation into the subject matter in such manner as might be practicable. If this Commission, on the other hand, accepts the testimony of the defendant's accountant, admitted to be an expert in such matters and of a wide experience and knowledge in telephone affairs, it would not allow more than 20 per cent. on the value of the instruments. After a mature study of this record, we have concluded that we would strike a proper balance to take the position as has been taken by several other States, that is, make an allowance on the present record of $68,000.00, and deduct from the allowance made on the 4½ per cent. contract a total sum of $167,301.71, which will be added to the admitted revenue of $663,801 for the year ending July 31st, 1920. In making this allowance, we are striking a balance on the record of the present case as made up by the conflicting testimony and are accepting the allowances as made in a number of other States.

Excessive Charges for Operating Revenue.

The present applicant of the Bell Telephone System operates in the four states of Kentucky, Louisiana, Tennessee and Mississippi. From its books and records, it is shown that, as a whole, the operating expenses of the concern, exclusive of depreciation, in the four states amounted to $3,948,880.22 for the year ending December 31st, 1915. This item, however, for the year ending July 31st, 1920, in the four states, amounted to $8,335,530.00, an increase
112 equal to $4,394,649.78, or 111.53 per cent. for the year ending July 31st, 1920, as compared with the year ending December 31st, 1915.

But, although the petitioner admits that it purchases from the same enterprise for all the states, and although it admits Louisiana

to be its most profitable field of operation, it yet submits estimates, which, if true, would mean that in the year 1915 in the State of Louisiana, as segregated from the other three states, this item of operating expense, exclusive of depreciation, for the year ending December 31st, 1915, amounted to $926,954.30 and for the year ending July 31st, 1920, amounted to $2,546,432.53, an increase of $1,529,478.23, or a general increase in Louisiana of 165 per cent. No explanation is made in the record as to why the general increase in Louisiana should be allowed at the rate of 165 per cent., when the average increase in expenses has amounted to only 111.63 in the four states averaged. If such an allowance were made, then the increase in operating expenses in the three states outside of Louisiana has only been at the rate of 88.66 per cent. in Mississippi, Tennessee and Kentucky, and therefore, the increase in Louisiana would be approximately twice the increase in the other states.

This Commission cannot allow this kind of a charge, and in the absence of some showing, it cannot concede to the petitioner that for Louisiana there should be allowed in the standard operating costs, which does not take into calculation additions to the capital account, more than the average for the four states. By comparison, it will be seen that the total operating expenses in Louisiana for the year ending December 31st, 1915, is approximately 10/41*ths* of the total cost for the four states but for the year ending July 31st, 1920, the petition asks this Commission to make its findings upon an estimate that the costs of operating in Louisiana for the year ending July 31st, 1920, has risen to 10/33 of the cost of the four states. The Commission cannot do this, and there is no reason in fact or in law, so far as the record of this case goes, which would justify this Commission passing such an item. Instead, the Commission finds that the operating costs in Louisiana, as between the dates of December 31st, 1915, and July 31st, 1920, rose to the same level and for the same percentage average as it did for the combined states of Kentucky, Tennessee, Mississippi and Louisiana. This deducts and adds to the petitioner's earnings in Louisiana the total sum of $500,559.00.

113 The matter is well explained by Exhibit No. 15, offered by the defendant's expert, Mr. Wolff, taken from the various exhibits which the petitioner has offered in the file of the case.

Rate of Depreciation.

The defendant deducts $651,019.32 for the item of depreciation, approximately 6 per cent. on the estimate of $11,919,033.80. Under the admission of its parent in the New York telephone case, it seems logical to us that in the State of Louisiana it should not have claimed more than a 5 per cent. depreciation, and this should not have been on more than $9,524,212.00. Exhibit No. 19 offered and testimony by the witness Wolff, convinces this Commission that not less than the sum of $100,000.00 should be deducted from the amount of claim on this item of depreciation.

Contract with the Western Electric Co.

The petitioner buys all its materials from the Western Electric Company, a subsidiary of the American Telephone & Telegraph Company, its parent corporation, paying the prices charged, plus 2 per cent. for certain special service to be rendered by this concern as its purchasing agent, the houser and keeper of its materials for purchase, use, etc. We can only say that as to purchases which the applicant makes from the Western Electric Company, the system of which petitioner is a part, having become almost a complete monopoly for telephone service and commodities, that the reasonable proportion of reductions which occur in similar commodities, with the changing of conditions and times, should be reflected in purchases which this concern makes from the Western Electric Company. We see no objection to the petitioner making its purchases in the manner which it does, but for the petitioner to contend that the prices on commodities which it uses cannot be lowered to any reasonable extent after the prices for other constructed or manufactured commodities are lowered, will be contrary to business principles. This Commission could not permit a contract with a co-working ally to hold that supplies in telephone commodities must not drop along with other similarly manufactured commodities.

It is further shown by an affidavit supplied by the Vivian Telephone Company, an independent telephone company of
114 Louisiana, which operates in a town of 3,500 people, with the usual number of stations, if not more, for such a town, that the old scale of rates furnishes ample revenue not only to supply the character of service usually supplied by the Cumberland Telephone Company for towns of that size, but a more modern and up to date exchange system is furnished, notwithstanding the fact that this independent exchange does not receive such revenues from long distance service as do the Cumberland exchanges.

Cumberland Earnings for Year Ending July 31st, 1920.

Earnings for year ending Jnly 31st, 1920, are therefore found to be as follows:

5.92 per cent. admitted by application.....	$663,801.07
Amount added from 4½ per cent. fund.....	167,301.71
Amount added from depreciation fund 6 per cent. reduced to 5 per cent.....	100,000.00
Amount by reducing increased expenses to average of the four states.....	500,550.00
Total earnings	$1,431,661.78

On a value of $9,524,212.00, the net return has been 15-1/45 per cent.

If the value claimed of $11,219,033.80 were allowed, which, under the law cannot be done, the net return has been 12-8/11 per cent.

Admitted Facts in Support.

The foregoing are the earnings for the year ending July 31st, 1920, under the old schedule of rates which applied at that time.

The profits for that abnormal year, when a paralysis existed in the business world, was certainly far above the applicant's estimate of 5.92 per cent.

There is abundant support for the calculations we make. The fact that the only independent telephone exchange in Louisiana, operating under the old scale of rates, has been able
115 to weather conditions, earn a profit and install most modern equipment, for a town of 3,500 inhabitants, handicapped by reason of limited toll returns, is one support. The fact that, out of earnings of various exchanges, the applicant's parent corporation has shown an earning of almost 15 per cent, is another. The fact that in the latter part of 1918 the applicant estimated that rates less than those in existence at the time of his application were adequate for all purposes, is another.

All these questions will not be overlooked by a Commission when it seeks about to determine which side of a case is correct under contradictory contentions.

Nothing would, in the final course of affairs, add more materially to petitioner's welfare in Louisiana than the establishment of such a normal scale of rates as would encourage and promote a use of its facilities. Louisiana ought to, if possible, enjoy the same level of rates for its localities as are afforded localities of equal size elsewhere.

The fact that Louisiana's business may show a decline in demand can largely be explained by condition of excessive charges in this State, as compared with charges made elsewhere.

This applicant subsidiary of the American Telephone & Telegraph Company operates in four states of the nation, Kentucky, Tennessee, Mississippi and Louisiana. In its home state of Kentucky, the domicile of its corporation, its admitted earning- for the year ending July, 1920, were far below the admitted net earning- in the State of Louisiana. In that state, however, the applicant has made no application for a raise in rates. In the States of Mississippi and Tennessee, the petitioner is now prosecuting or has been prosecuting before the Commissions and Courts of those States an application for an increase in its telephone rates. A study of the Mississippi case shows that, after deducting all allowances which the applicant claims, being the same as it claims in Louisiana, it requests that it be given such an increase in rates as will permit it to earn what it estimates at 5.25 per cent. for that State; and yet in this State of Louisiana, in its application and oral testimony, it admits that its earnings for the year preceding that abnormal year of July 31st, 1920, amounted to 5.92 per cent., or .67 per cent. more than it claimed for the State of Mississippi. The application in the State of Tennessee demonstrates a similar situation, and while

those applications have been filed and pending for some time,
116 and the aid of the State and Federal Courts have often been sought, these applications as yet have received no aid in revenue for any time whatever, not even the abnormal period, regardless of the position that even though the rate increase were granted in Tennessee and Mississippi exactly as are requested there and wholly refused in Louisiana, the admitted rate of return in those States will be less than the rate of return for Louisiana, prior to the granting of any raise. The exchange rates in those local cities of equal population and with an equal number of stations will be lower if the rate raise is granted in Tennessee and Mississippi than in Louisiana if the rate raise be refused. The Commission in the State of Tennessee has been permitted to go forward into an exhaustive investigation, such as should be made in the State of Louisiana, and could be readily made.

Rate of Return.

When this case was originally heard, the defendant contended that it should be guaranteed a return equal to 8 per cent. While its application claimed that it earned 5.59 per cent., in oral testimony and by exhibits, it admitted that for the year ending July 31st, 1920, it had earned 5.92 per cent., but not making allowances for the additions which we have made in our calculations. It was claiming less than this amount of return in other States.

At the time of this trial, a paralyzed economic condition existed. Money could not be secured on the open market for less than 8 per cent. at that particular time. This condition has abated to such an extent that 6 per cent. bonds of the parent concern of the petitioner now bring far better than par on the New York Stock Exchange.

Paragraph 3 of Section 15A of the Transportation Act of 1920 provides that for the two years beginning March 1st, 1920, "The Commission shall take as such fair return a sum equal to 5½ per cent. of such aggregate value." The Interstate Commerce Commission was allowed to increase this sum by ½ of 1 per cent., and did for those two years. The national legislative idea for railroads was evidently such a precedent as might apply with some force in present day affairs.

The petitioner is fortunate to have escaped hazards of the economic strife through which other utilities have gone. At the time when
117 railroads and other public service utilities (and for that matter, private enterprises, were counting their losses in the many millions, the petitioner and its allied telephone concerns made all the allowances claimed and claimed of it. Notwithstanding the fact that it was assembling its property out of the hands of the Federal Government and paying all allowances to the parent concern, it maintained a steady profit, including reserve funds, depreciation and every other item of cost. Only an abnormal scale of rates could have accomplished such during the abnormal conditions.

This Commission is now (largely on the application of the railroads), aiding toward reducing rates established during the abnormal peak of prices. The railroad concerns understand that a certain paralysis has been created for their business by abnormal charges which must decline to restore the open, free and standard use of their utility. If, on the final hearing of this case, this Commission should refuse to grant the increase claimed by the petitioner in its application, it would still be left with more than all the rate raises which it requested or claimed during the days preceding the close of the World War and the several months which followed. In the absence of better proof, rates ought not now to be higher than were necessary to support conditions of that strenuous day and time.

It is the intention of this Commission that this case may receive an early and complete hearing, so that both sides may have ample opportunity to present a complete record of facts applicable to this case.

During the hearing which this Commission held in the City of New Orleans, beginning May 2nd, 1922, one of the counsel representing the defendants, saw fit to make a remark to which this Commission would take no notice but for the fact that the public press has given it wide circulation. That remark was that the petitioner had improperly brought into effect the injunctive process of the Federal tribunals and that such tribunals were the paradise of the corporations. When such a comment was made, the Commission took occasion to then and there inform the counsellor and those present that the Commission did not care for such an argument; that the process of the Federal tribunals was a matter of which this Commission could make no objection, and made none. The Federal tribunals have often been resorted to for the purpose of enforcing orders of this Commission and for the purpose of restraining them,

118 and we might here say that a larger per cent. of this Commission's orders have been affirmed in the Federal tribunals than in our own Courts of the State of Louisiana. The records on this matter are quite convincing.

Order.

It is ordered, and a rehearing is granted in this case on and from the order of the Railroad Commission of Louisiana of February 26th, 1921, and on the rate allowances made in said order or made in said order of April 1st, 1921, or allowed to be collected in said order of April 1st, 1921, and pending the final hearing and determination of this case, from and after this date, all rate advances allowed on February 26th, 1921, and thereafter, are hereby suspended and the rates and charges to be made and to be collected by the Cumberland Telephone & Telegraph Company within the State of Louisiana will be such as were in force prior to the 26th day of February, 1921, and at the time this application was filed; and be it further:

Ordered, That the various interested parties be given notice that a final hearing of this matter will be held in the City of New Orleans,

beginning on the 27th day of June, 1922, at which time all interested parties will be heard.

By order of the commission.

New Orleans, Louisiana, May 13, 1922.

[SEAL.] (Signed) HUEY P. LONG, JR.,
Chairman.

(Signed) FRANCIS WILLIAMS,
Commissioner.

HENRY JASTREMSKI,
Secretary.

I respectfully dissent. This May 13, 1922.

(Signed) SHELBY TAYLOR,
Commissioner.

119 *Restraining Order.*

Filed May 13, 1922.

In the United States District Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

versus

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Upon the consideration of the foregoing bill of complaint, with its affidavit and the annexed documents, and considering that the application for a preliminary or interlocutory injunction "pendente lite" should be heard and determined by three judges in accordance with the requirements of the statutes of the United States in such cases made and provided:

It is therefore ordered, that the defendants, Louisiana Public Service Commission, Shelby Taylor, Huey P. Long and Francis Williams, members of said Louisiana Public Service Commission, and A. V. Coco, Attorney General of the State of Louisiana, and Wiley M. Barrow, Assistant Attorney General of the State of Louisiana, and each of them, do show cause, on a day to be hereafter fixed, why a preliminary or interlocutory injunction "pendente lite" should not be issued herein, enjoining and restraining them and each of them, their servants, employees, agents and representatives, and all persons whomsoever acting under the control and authority of said defendants, from enforcing or attempting to enforce the rates and charges fixed in or as a necessary result of said order No. 40 of the Louisiana Public Service Commission, dated the 13th day

of May, 1922, and entered in cause No. R. R. C. of Louisiana, No. 3052, L. P. S. C. Case No. 48, entitled: Louisiana Public Service Commission, Cumberland Telephone and Telegraph Company, ex parte, Rate Adjustment, and from putting into effect said order in so far as it fixes and puts in force, or results in the fixing and putting in force of a schedule of telephone rates to be charged by plaintiff in the State of Louisiana, or from bringing any suit or taking any action or proceeding of any nature or kind whatsoever under said order, or in pursuance thereof, which has for its purpose the
120 enforcement of that part of said order fixing, or resulting in the fixing of said rates, or from instituting or authorizing or directing any other person or persons to prosecute or institute any suit or suits, action or actions against plaintiff for the recovery of any penalties under or by virtue of any provision of the Constitution of Louisiana by reason of the failure of the Cumberland Telephone and Telegraph Company, its officers, agents or servants or either of them, to put into effect or charge the rates made effective by reason of said order No. 40 of May 13, 1922;

It is further ordered and decreed, that it having been made to appear by the foregoing bill of complaint and affidavits and exhibits attached, that immediate and irreparable loss would result to the plaintiff before the matter could be heard on notice, unless a temporary restraining order be granted, that in the meantime, a temporary restraining order be, and it is hereby granted, allowed and issued, restraining and enjoining said defendants and each of them, their servants, employees and agents and all persons acting under the control or authority of said defendants, from enforcing or attempting to enforce the rates and charges fixed in, or as a necessary result of said Order No. 40 of the Louisiana Public Service Commission, dated the 13th day of May, 1922, and from putting same into effect, in so far as it fixes and puts in force, or results in the fixing and putting in force of a schedule of telephone rates to be charged by the Cumberland Telephone and Telegraph Company in the State of Louisiana, or from bringing any suit or taking any action or proceeding of any nature or kind whatsoever under said order or in pursuance thereof which has for its purpose the enforcement of that part of said order fixing, or resulting in the fixing of said rates, or from instituting or authorizing or directing any person or persons to prosecute or institute any suit, or suits, action or actions against plaintiff for the recovery of any penalties under and by virtue of any of the provisions of the Constitution of the State of Louisiana, by reason of the failure of the Cumberland Telephone and Telegraph Company or its officers, agents or servants, or either of them, to put into effect or charge the rates made effective by reason of said Order No. 40, dated May 13, 1922, until a hearing and determination of the application of said plaintiff for
121 a preliminary or interlocutory injunction "pendente lite" shall be determined.

It is further ordered and decreed that the plaintiff herein be and it is hereby directed and required to so keep its records, books and

accounts as to show the excess charges collected as a result of this order from each person subscribing for telephone service over and above what would have been collected from said person had this order not been rendered.

It is further ordered and decreed that the plaintiff forthwith file its bond in this cause in favor of the defendants in the sum of One Hundred thousand Dollars ($100,000) *Dollars,* with sufficient surety as shall be approved by the Judge of this Court, or in his absence by the Clerk hereof to the defendants of such damages as they may suffer and for the repayment to such subscribers and to each of them, of the excess charges collected from each of said subscribers as a result of this order over and above what would have been collected from said subscribers had this order not been rendered, the said repayment to be made as, when and if it shall have been finally determined herein that the order of the Louisiana Public Service Commission of date May 13, 1922, is a legal order binding upon plaintiff herein.

(Signed) RUFUS E. FOSTER,
U. S. District Judge.

New Orleans, La., May 13, 1922.

122 *Marshal's Returns on Restraining Order.*

Filed May 16, 1922.

Received by U. S. Marshal, New Orleans, La., May 13, 1922, and on same day, month and year I served copy hereof on A. V. Coco, Attorney General of the States of Louisiana by handing same to him in person, in New Orleans, La., and on Francis Williams, member of the Public Service Commission of the State of Louisiana by handing the same to him in person, in the City of New Orleans, Louisiana.

VICTOR LOISEL,
U. S. Marshal,
By JOHN A. HESSLER,
Deputy U. S. Marshal.

And on the 13th day of May, 1922, I served copy hereof on the Louisiana Public Service Commission by handing same to Huey P. Long, Chairman thereof in person in New Orleans, La.; on Huey P. Long, member of the Louisiana Public Service Commission by handing same to him in person, in New Orleans, Louisiana; and on the 15th day of the same month and year I served copy hereof on Shelby Taylor, member of the Louisiana Public Service Commission by handing same to him in person at Baton Rouge, Louisiana, and on Wylie M. Barrow, Asst. Attorney General of Louisiana by handing the same to him at Baton Rouge, Louisiana.

VICTOR LOISEL,
U. S. Marshal,
By A. A. SCHEXNAYDRE,
Deputy U. S. Marshal.

123 *Bond Given in Connection with Restraining Order.*

Filed May 13, 1922.

Know all men by these Presents:

That we, Cumberland Telephone & Telegraph Company, of Kentucky, as principal, and Union Indemnity Company, of New Orleans, Louisiana, as surety, our successors and assigns, are held and firmly bound unto the defendant, Louisiana Public Service Commission, Shelby Taylor, Huey P. Long, Francis Williams, A. V. Coco, Atty. General of La., Wiley M. Barrow, Asst. Atty. General of La. and each of them, for the use and benefit of the persons hereinafter named in the full sum of One Hundred Thousand & 00/100 Dollars, lawful money of the United States of America, to be paid to the said defendants, for the use and benefit of the persons hereinafter named, their heirs, executors, administrators and assigns, for which payment well and truly to be made, we bind ourselves, and each of us, our successors and assigns in solido firmly by these presents, sealed with our seals and dated this 13th day of May, 1922.

The condition of the foregoing obligation if such that if the said Cumberland Telephone and Telegraph Company shall repay to said defendants such damages as they may suffer and repay to its subscribers in the State of Louisiana, and to each of them, the excess charges collected from each of said subscribers as a result of the order entered by the United States District Court for the Eastern District of Louisiana under date May 13, 1922, over and above what would have been collected from said subscribers, and each of them, had said order not been rendered, the said repayment to be made as, when and if it shall have been finally determined in said cause, that the order of the Louisiana Public Service Commission of date May 13, 1922, is a legal order binding upon plaintiff therein, then this bond shall be null and void, otherwise to remain in full force and virtue.

Signed, sealed and delivered at New Orleans, Louisiana, in the presence of R. H. Carter and O. F. Dodd this 13th day of May, 1922.

124 CUMBERLAND TELEPHONE & TELEGRAPH COMPANY,

(Signed) By C. A. STAIR,
Principal.

UNION INDEMNITY COMPANY,
Surety, [SEAL.]

(Signed) By T. E. SPRAGUE,
Agent and Atty.-in-Fact.

Witnesses:
(Signed) R. H. CARTER.
" O. F. DODD.

Approved,
(Signed) RUFUS E. FOSTER,
Judge.

125 *Order Assigning Application of Complainant for a Preliminary Injunction for Trial.*

Filed Jun. 7, 1922.

United States District Court, Eastern District of Louisiana, Baton Rouge Division.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY

vs.

LOUISIANA PUBLIC SERVICE COMMISSION et als.

In this matter, the Court considering that the application for an interlocutory injunction should be heard and determined by three Judges, and having requested the Honorable Nathan P. Bryan, Circuit Judge, and the Honorable Henry D. Clayton, District Judge, to assist in hearing and determining said application;

It is ordered that this cause be set down for hearing before the Honorable Nathan P. Bryan, Circuit Judge, and the Honorable Henry D. Clayton and Rufus E. Foster, District Judges, at New Orleans, La., on Friday, June 23rd, 1922, at eleven o'clock A. M., on Complainant's application for a preliminary injunction;

It is further ordered that the Governor and the Attorney General of Louisiana and all parties of record herein be notified of this order.

(Signed) RUFUS E. FOSTER,
Judge.

New Orleans, La., June 7th, 1922.

125½ In the District Court of the United States for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE & TELEGRAPH Co., Plaintiff,

versus

LOUISIANA PUBLIC SERVICE COMMISSION et als., Defendants.

Motion to Dismiss for Want of Jurisdiction.

Filed Jun. 22, 1922.

Huey P. Long, Chairman;
A. V. Coco, Atty. Gen'l;
Wylie M. Barrow, Asst. Atty. Gen'l,
Solicitors for Defendants.

126 In the District Court of the United States for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE & TELEGRAPH CO., Plaintiff,

versus

LOUISIANA PUBLIC SERVICE COMMISSION et als., Defendants.

Motion to Dismiss for Want of Jurisdiction.

Now, come the defendants, Huey P. Long, Shelby Taylor and Francis Williams, in their official capacity as members of the Louisiana Public Service Commission, of which Commission Huey P. Long is Chairman, and the Louisiana Public Service Commission, and A. V. Coco, Attorney General, and Wylie M. Barrow, Assistant Attorney General, and the State of Louisiana, appearing herein through A. V. Coco, its Attorney General, and Wylie M. Barrow, its Assistant Attorney General, and move the court to dismiss the bill herein for want of jurisdiction, as apparent from the bill, and for the following particular causes and reasons, to-wit:

127 I.

On September 22, 1920, the complainant filed application with the Railroad Commission of Louisiana, of which body your respondent, Louisiana Public Service Commission, is the continuing successor, and the said case is carried forward on the docket of the Louisiana Public Service Commission under No. 48, with the same affect and subject to the same conditions as though the Railroad Commission of Louisiana yet existed under the Constitution and laws of the State of Louisiana, and the orders, rules and regulations of the Railroad Commission of Louisiana and the Louisiana Public Service Commission; that the Railroad Commission of Louisiana is, to all effects, continued in, under and with the Louisiana Public Service Commission, all of which is fully shown by the Constitution and laws of the State of Louisiana, by orders of the Louisiana Public Service Commission and as is admitted by the bill of complaint filed by the complainant.

II.

That in the application which the complainant filed with the Railroad Commission of Louisiana on September 22, 1920, it stated that as of midnight July 31, 1920, it had, for a period of twelve months been in possession and control and had operated its telephone lines within the State of Louisiana, receiving them one year

prior to the 31st day of July, 1920, out of the hands of the Federal Government; that for its fiscal year preceding the filing of said petition, after allowing all that is claimed for depreciation,
128 interest, maintenance and cost of operation, including income tax, etc., its net earnings amounted to 5.92 per cent profit, including working capital as an item upon which a return was claimed, and its sole application was that the Commission name a date upon which it might "appear and present the facts and circumstances of the operation of its property in the State of Louisiana during the twelve calendar months from August, 1, 1919, to August 1, 1920" * * * "And that at such time" the complainant "be authorized to charge such rates within the State of Louisiana as would establish the credit of the company and enable it to secure the necessary money with which to construct the facilities demanded by the public for service, and which would pay to the owner of its property a fair, just and compensatory return for its use by the public."

Your respondents show that under such allegation, no confiscation of property is alleged, in fact or in law, which could give your Honorable Court jurisdiction of this case for the purpose of issuing either a preliminary or final injunction as now prayed for by the complainant, regardless of any disposition which might be finally made of this case by respondents.

Your respondents further show that the complainant never applied to the Railroad Commission of Louisiana or to the Louisiana Public Service Commission for any temporary or emergency relief, but simply filed with the Commission one application, docketed on the Railroad Commission of Louisiana No. 3052, and carried
129 forward by the docket of the Louisiana Public Service Commission as docket No. 48, asking for a final order increasing rates, without specifying any particular sum desired at any particular place in its first application.

III.

Your respondents show that on the 26th day of February, 1921, the Railroad Commission of Louisiana, after adjourning a hearing at 5:05 p. m., rendered and signed an opinion and order granting the complainant an increase in rates, which it now seeks to continue collecting; that under the rules of the Railroad Commission of Louisiana, all of which are now the rules of the Louisiana Public Service Commission and have been at all times, any interested party was allowed ten days' time in which to apply for a rehearing, and long before the said ten days expired, numerous interested parties filed application for rehearing and for annulment of the order entered by the Commission on the said 26th day of February, 1921; that the applications for rehearing were set down for argument, and in the month of March, 1921, argument was heard by the Railroad Commission of Louisiana, in Baton Rouge, Louisiana, as a result of which the following order was handed down by a majority of the Railroad Commission of Louisiana on April 1, 1921:

"Ordered, that these proceedings are hereby reopened for a period of not exceeding four months, for the taking of further testimony. It is further ordered that the Cumberland Telephone & Telegraph Company be and it is hereby directed and required to so keep
130 its records, books and accounts that, should our order No. 3297, of date February 26th, 1921, be modified or canceled, proper refunds may be promptly made to all users of telephone exchange service of the difference between the rates in effect on February 28th, 1921, and such rates as may be effected after the hearings and final decisions herein.

"It is further ordered that our order No. 3297, of February 26th, 1921, shall remain in full force and effect pending such hearings and decisions herein, subject to all the provisions of this order. It is further ordered that inasmuch as the Cumberland Telephone & Telegraph Company failed to give notice in the printed schedule of its proposed exchange rates which were distributed through this Commission of the advances for joint user telephone service at the various exchanges in Louisiana, where such service is provided, that the advances which have been made in rate for joint user service are hereby suspended until further order of this Commission."

That, if such order did not actually grant a rehearing, in whole or in part, the said order at least left the granting or refusing of a rehearing subject to the further discretion of the Commission.

And the minority of the Commission handed down the following:

"I hereby cast my vote for a rehearing in this case on the
131 order heretofore entered by this Commission on or about February 26th, 1921. I instruct the secretary of the Commission to so record my vote."

On July 1, 1921, the Constitution of Louisiana of 1921 came into effect and the Louisiana Public Service Commission succeeded to all the duties, orders and functions of the Railroad Commission of Louisiana, and the Louisiana Public Service Commission was a continuation of the Railroad Commission of Louisiana, under a different name, with enlarged powers, and by order No. 1 of the Louisiana Public Service Commission, adopted in Baton Rouge, on July 1st, 1921, all rates, rules, regulations, orders and decisions of the Railroad Commission of Louisiana on June 30th, 1921, were adopted as the rates, rules, regulations, orders and decisions of the Louisiana Public Service Commission, and remained in full force and effect until further ordered. Therefore, under this order No. 1, the case of the Cumberland Telephone & Telegraph Company, No. 3052 on the docket of the Railroad Commission of Louisiana, was carried forward to the docket of the Louisiana Public Service Commission, docket No. 48, and before the four months had expired in the order entered by the Railroad Commission of Louisiana on April 1, 1921, and before the applications for rehearing filed with the Railroad Commission of Louisiana asking for rehearing on the rate raise granted February 1st, 1921, the Louisiana Public Service Com-

mission indefinitely extended the four months period as allowed in its order of April 1, 1921, pending further order of the Com-
132 mission, and thus, and in this manner, no order of the Railroad Commission of Louisiana or of the Louisiana Public Service Commission ever became final, no raise in rates was ever definitely granted and excepting the order of April 1st, 1921, the matter of rehearing was never disposed of. Such was distinctly to the advantage of the complainant, Cumberland Telephone & Telegraph Company, by reason of the fact that numerous interested parties expected to appeal to the Courts to annul the decisions and order of the Railroad Commission of Louisiana handed down on February 26th, 1921, and had said appeal been taken the said order would have and should have been annulled, but no person could appeal to the Courts for the reason that the Commission had not entered any final order and had not definitely disposed of the rehearing by either granting or refusing the same, and thereby, in the tSate of Louisiana, wherein the Cumberland Telephone & Telegraph Company admits its earning to be far better than in any other State in which it operates, and even better in Louisiana even had rate increases been refused and rate increases had been granted in any of the other States in which it operates, the Cumberland Telephone & Telegraph Company, for a period of many months, has collected an increased rate, whereas, in all the other States in which it operates, it has as yet never been permitted to collect a single increase; on the 2nd day of May, 1922, after proper notice, a hearing was held by the Louisiana Public Service Commission to determine as to a rehearing and as to pending a rehearing, the increased rates as granted in the order by the Railroad Commission of Louisiana on February 26th, 1921, should be suspended pending final
133 order of the Commission, the hearing being restricted to arguments on the record as made up before the Commission, with the interested parties being allowed the right to file such affidavits as they saw fit, and at said hearing arguments were presented by the complainant, Cumberland Telephone & Telegraph Company and by representatives of the various municipalities, as a result of which on Friday, May 13th, 1922, your respondent, Louisiana Public Service Commission, handed down, rendered and issued its order, No. 40, granting a rehearing and suspending the rate advances allowed on February 26th, 1921, pending the final hearing, and termination of the case, and ordered a final hearing of the entire matter in the city of New Orleans, beginning on the 27th day of June, 1922, with all interested parties to be heard at said time, and the Commission, in its opinion supporting said order, exhibited certain parts of the glaring deficiencies which appeared in the record and analyzed a large part of the facts bearing upon the issues of the case.

IV.

By reason of the foregoing, your respondents show that no final order has been entered by this Commission; that it has merely granted a rehearing; that it has taken nothing from the said complainant, but that the complainant's case and its rates are in the same status as any other case in which no order has been issued and pending a final order of this Commission on the speedy hearing which it has called, the Court is without jurisdiction and should not in its discretion take jurisdiction, until a final order has been entered by this Commission.

134 Your respondents show that the making of a rate in this case is still in its legislative stage; that the Commission has not abused its discretion nor has it arbitrarily acted in any manner unjustly toward the Cumberland Telephone & Telegraph Company, but on the other hand, the said complainant has already been allowed to collect hundreds of thousands of dollars in increased rates in this most profitable state, whilst in other states, the rights have been withheld.

V.

Your respondents show that no application for any temporary or emergency relief has ever been filed with the Louisiana Public Service Commission or with the Railroad Commission of Louisiana, and, therefore, rate increases can only be allowed under a final order of the Commission; that the Commission has not abused its legislative discretion, and in th eabsence of such, the Court cannot and should not control the same; that as to whether your respondents shall or shall not grant a rehearing in this case is a matter within the Commission's discretion, and the reasons appearing adequate to the Commission, it had a right to grant the same; and acting under its Constitutional powers, unless the Commission's order is a final order, it is not one appealable to the Courts.

VI.

That the complainant, in its application to your Honorable Court, has filed a fatally defective bill in that it wholly fails to sep-

135 arate intrastate business from interstate business; it fails to segregate the toll investment, revenue and expense from exchange investment, revenue and expense.

Wherefore, your respondents, Huey P. Long, Shelby Taylor and Francis Williams, in their official capacity as members of the Louisiana Public Service Commission, of which Commission Huey P. Long is Chairman, and the Louisiana Public Service Commission, and A. V. Coco, Attorney General, and Wylie M. Barrow, Assistant Attorney General, and the State of Louisiana, appearing herein through A. V. Coco, its Attorney General, and Wylie M. Barrow, its Assistant Attorney General, respectfully pray that this motion to dismiss be sustained; that the Court decline to take juris-

diction herein, and that the complainant's bill be dismissed; prays for all and general relief, for judgment according to equity, with all costs.

LOUISIANA PUBLIC SERVICE COMMISSION,
(Signed) By HUEY P. LONG,
Chairman.
STATE OF LOUISIANA,
(Sgd.) By W. M. BARROW,
Asst. Attorney General.
(Sgd.) HUEY P. LONG,
Solicitor for the La. Public Service Com. & Members Thereof.
(Signed) HUEY P. LONG,
" FRANCIS WILIIAMS.

136 *Motion to Dismiss Bill.*

June 23, 1922.

United States District Court, Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY

vs.

LOUISIANA PUBLIC SERVICE COMMISSION, HUEY P. LONG, SHELBY Taylor, and Francis Williams, the Members Thereof; A. V. Coco, Attorney General of Louisiana; Wylie M. Barrow, Assistant Attorney General of Louisiana, Defendants.

Now come A. V. Coco, Attorney General of Louisiana, and Wylie M. Barrow, Assistant Attorney General of Louisiana, defendants herein, and move the Court that the Bill of Complaint herein filed be dismissed for the reasons and upon the grounds that:

I.

It appears upon the face of the said Bill of Complaint,

(*a*) That it does not allege facts sufficient to constitute a cause of action;

(*b*) That the suit is premature.

II.

That the order of the Louisiana Public Service Commission herein contested is still in its legislative stage and this court is without juris-

diction to enjoin or prohibit an administrative board from performing its duties.

III.

That the order herein contested is not a final order.

IV.

That the Bill does not set forth in any manner whatsoever the value of the exchange properties in the State of Louisiana upon which the plaintiff claims a fair return.

V.

That the order of the Louisiana Public Service Commission herein contested is a valid exercise of the regulatory powers of the State of Louisiana and is not in conflict with or in violation of the
137 Constitution and laws of the United States or of the State of Louisiana.

VI.

The bill fails to show with sufficient clearness the basis upon which the — for depreciation on the depreciable property in the State of Louisiana has been arrived at.

VII.

The bill fails to show the character of the property and its value, used and useful in rendering local exchange service in the State of Louisiana, upon which it claims a depreciation charge.

VIII.

The bill fails to separate the revenue received from its interstate toll business from that received from its intrastate toll business.

IX.

The bill fails to show that the amount paid the American Telephone & Telegraph Company, of four and a half (4½) per cent on certain of its gross earnings, is a reasonable, fair and just payment, and fails to show the value of such equipment and services as may be rendered by said American Company and received by said Cumberland Company.

X.

The bill fails to show what amount, if any, of its property upon which it claims a fair return, was purchased out of its depreciation reserve and charged to capital account.

XI.

The Bill, in many particulars apparent on its face, fails to show that the rates which will become effective under the order of May 13, 1922, of the Louisiana Public Service Commission, by clear and convincing evidence, are, or will be, confiscatory, and therefore in violation of the Constitution and laws of the United States, or of the State of Louisiana.

(Signed) A. V. COCO,
Attorney General of Louisiana.

(Signed) W. M. BARROW,
Assistant Attorney General of Louisiana.

137½ In the District Court of the United States for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE & TELEGRAPH CO., Plaintiff,

versus

LOUISIANA PUBLIC SERVICE COMMISSION et als., Defendants.

Answer of Defendants.

Filed June 22, 1922.

Huey P. Long, Chairman;
A. V. Coco, Atty. Gen'l.;
Wylie M. Barrow, Asst. Atty. Gen'l,
Solicitors for Defendants.

138 In the District Court of the United States for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE & TELEGRAPH CO., Plaintiff,

versus

LOUISIANA PUBLIC SERVICE COMMISSION et als., Defendants.

Answer of Defendants.

The defendants, Huey P. Long, Shelby Taylor and Francis Williams, in their official capacity as members of the Louisiana Public Service Commission, of which Commission Huey P. Long

is Chairman, and the Louisiana Public Service Commission, and A. V. Coco, Attorney-General, and Wylie M. Barrow, Assistant Attorney-General, and the State of Louisiana, appearing herein through A. V. Coco, its Attorney-General, and Wylie M. Barrow, its Assistant Attorney-General, all made defendants herein, without waiving, but expressly relying upon their motion filed to dismiss the complainant's bill in the above styled cause on the grounds of jurisdiction, for answer to the bill filed herein by complainants, respectfully state and show to the Court as follows:

139 I.

They admit the allegations of Paragraph I.

II.

They admit the allegations of Paragraph II.

III.

The defendants admit the allegations of Paragraph III, except that they show that the complainant is, in reality, a corporate subsidiary of the American Telephone and Telegraph Company of New York; that it is in truth and in fact operating as a part of the said New York corporation, and its whole corporate ownership and identity is confounded with and embraced in the said concern.

IV.

Your defendants admit that the Louisiana Public Service Commission is created by and under the Constitution and laws of the State of Louisiana adopted in the year 1921, and show that its authority is defined by the Constitution and laws of the State of Louisiana and the said Commission possesses, among other powers, such powers as the complainant alleges in this Article IV; defendants further admit that Huey P. Long, Shelby Taylor and Francis Williams are and were at the times alleged, duly elected and qualified and are now the acting members composing said Louisiana Public Service Commission. Defendants further admit that A. V. Coco and
140 Wylie M. Barrow are, respectively, Attorney General and Assistant Attorney General to the State of Louisiana, but as to their duties, the same are defined by the Constitution and Laws of the State of Louisiana, of which Constitution and Laws the Courts take judicial notice.

V.

Defendants admit the allegations of Paragraph V, and they show further that under the Constitution and laws of the State of Louisiana and the rules and regulation- of the Railroad Commission of Louisiana and the Louisiana Public Service Commission that the Louisiana Public Service Commission is the continuing successor of

the Railroad Commission of Louisiana, with enlarged duties and powers.

VI.

Your defendants admit that on the 22nd day of September, 1920, that the complainant filed a petition with the Railroad Commission of Louisiana, asking for an increase in exchange rates, and in which the said complainant admitted that after making all allowances which it claimed, including income tax and other non-deductible items, they had made a profit on their property, including working capital, for the fiscal year preceding the filing of the application amounting to 5.92 per cent. Your defendants, though showing that the allegation made in Paragraph IV to the effect that the complainant at the time of filing its application submitted a schedule of proposed increase in local exchange rates in various cities,
141 towns and villages in the State of Louisiana, is incorrect. On the other hand, your defendants show that while the complainants did file an application with the Railroad Commission of Louisiana on September 22, 1920, asking that it be granted an increase in exchange rates, that it did not submit any definite proposal or request as to on what service or where it wished an increase and in what amount, and it was not until the case was called on the 17th day of October, 1920, that the Railroad Commission of Louisiana was supplied with such information, which necessitated and required a continuance that the various interested parties might be apprised of what effect the application might have upon their rates.

VII

In answer to the allegations of Paragraph VII, your defendants show that the complainant allegations as made are incorrect, and the facts are that the application of the complainant was filed on September 22, 1920, merely asking that the complainant be granted an increase in rates, and there are no exhibits attached showing the proposed increases for which the complainant would ask the said hearing, and when the hearing was called in the month of October, 1920, the complainant appeared with its proposed schedule of increases, which the Railroad Commission of Louisiana ordered to be filed, copies thereof to be made up and printed and supplied to the interested institutions and municipalities throughout the state and the case was thereupon continued to such further time as might con-
venience the said complainant, Cumberland Telephone &
142 Telegraph Company; that on December 15, 16th and 17th, over protests of interested parties, the Railroad Commission of Louisiana heard the evidence offered by the complainant and such evidence as was produced by protestants.

That the testimony offered at said hearing on behalf of the complainant did not make out a cause of action or show the complainant entitled to any increase in rates, but on the other hand, tended to show that excessive rates were already being charged in the State of Louisiana; that the complainant admitted that it had been earn-

ing, regardless of all abnormal conditions and troubles, after resurrecting its property out of the hands of the Federal Government, a return of 5.92 per cent net, after allowng for many deductions which should have been added to the profit account, among which was a deduction for income tax and a deduction for excess depreciation, and without adding the same to the net revenue as should have been done, the complainant admitted to be earning a profit of 5.92 per cent net on its property, including working capital, and that the same was a higher rate of return already than it was requesting for the states in which it operated in applications for rate raises which it had filed with their Commissions.

That in its testimony, the complainant, regardless of the effort, refused to segregate its local investment, revenue and expenses from its toll investment, revenue and expenses and refused to separate its interstate investment, revenue and expenses from its invest-
143 ment, revenue and expenses within the State of Louisiana, so that, at no time did the complainant purport to make out a case by showing exchange earnings and exchange expenses, as separated and apart from toll earnings and toll expenses or by separation of intrastate and interstate expenses, all of which was necessary and requisite, and which the said complainant has done in other states, even after having testified that the same could not be done in the State of Louisiana. Your defendants show that the said complainant declined and refused to separate its business so as to show whether it was entitled to rate increase or a rate reduction in the manner which it could have done with reasonable accuracy, and your defendants are informed, believe and allege that the reasons which actuated the complainant in not making such separations were because of the fact that they would have shown earnings for the State of Louisiana, on exchange properties far above the admitted amounts. Your respondents admit that the said case as filed with the Railroad Commission of Louisiana, before any decision was entered, was reopened to permit testimony on the part of the protestants and that on the 24th day of February, 1922, the Commission, with two members, met in Baton Rouge, and proceeded to hear further evidence, which consumed the entire days of February 24th and 25th, and up to 5 minutes after 5 o'clock in the afternoon of February 26th, 1921, after which the said case was argued and the Commission took the same under advisement and rendered an order.

144 Your defendants show that subsequent to the said order of February 26, 1921, the City of New Orleans and various other interested parties throughout the State of Louisiana, including a number of municipal governments, filed applications for rehearing, and although the same may have been by any one captioned or termed an application for a "second rehearing," the same were applications duly, legally and regularly made for rehearing and all were filed within the ten days after the order of February 26, 1921, and in accordance with the rules and regulations of the Railroad Commission of Louisiana, which are now the rules and regulations of the Louisiana Public Service Commission, which said rules permit

application for rehearing to be filed within ten days after any order is signed or issued by the Commission; that the terming of any application for rehearing as an application for a second rehearing was and is erroneous; that the said applications for rehearing were set down for hearing on March 22, 1921, and on said date argument was heard in support of and against the granting of a rehearing. That the minority member of the Commission entered a vote for a rehearing on the said March 22, 1921, but the majority of the Railroad Commission of Louisiana entered an order for the Railroad Commission of Louisiana on April 1, 1921, which reads as follows:

"Ordered, that these proceedings are hereby reopened for a period of not exceeding four months, for the taking of further testimony. It is further ordered that the Cumberland Telephone & Telegraph Company be and it is hereby directed and required to so keep
145 its records, books and accounts that, should our order No. 3297, of date February 26th, 1921, be modified or canceled, proper refunds may be promptly made to all users of telephone exchange service of the difference between rates in effect on February 28th, 1921, and such rates as may be effective after the hearings and final decisions herein.

"It is further ordered that our Order No. 3297, of February 26th, 1921, shall remain in full force and effect pending such hearings and decisions herein, subject to all the provisions of this order. It is further ordered that inasmuch as the Cumberland Telephone & Telegraph Company failed to give notice in the printed schedule of its proposed exchange rates which were distributed through this Commission of the advances for joint user of telephone service at the various exchanges in Louisiana, where such service is provided, that the advances which have been made in rate for joint user service are hereby suspended until further order of this Commission."

As to what other things the opinion may have contained are no part of the order entered by the Commission, and the said opinion will speak for itself, but respondents show that if the said order did not grant a rehearing in whole or in part, that the granting or refusing the same was a matter within the commission's future discretion.

VIII.

Your respondents admit the allegations of Paragraph VIII, and further show that the Louisiana Public Service Commission
146 is in reality a continuation of the Railroad Commission of Louisiana.

IX.

The allegations of Paragraph IX are admitted.

X.

In answer to the allegations of Paragraph X your respondents show that the case of the Cumberland Telephone & Telegraph Com-

pany ex parte, No. 40, in its full docket, include the orders of February 26th, 1921, and April 1st, 1921, and the applications for rehearing filed by the City of New Orleans and other various interested parties throughout the State of Louisiana before the expiration of ten days from the 26th day of February, 1921, on the said date of July 1, 1921, and all became a docket of the Louisiana Public Service Commission, that is, No. 40, and the said case, with the orders of February 26th, 1921, and applications for rehearing thereon and the order of April 1st, 1921, took the same position and occupied the same status on the docket of the Louisiana Public Service Commission as formerly possessed and held by it on the docket of the Railroad Commission of Louisiana, the same being a continuance of the case, in no manner ending or vacating any order or position, in no manner changing the position of the same, excepting that the Louisiana Public Service Commission took the place of the Railroad Commission of Louisiana and stepped into its position, for all purposes, intents and effects. The orders, rules and regulations of the Railroad Commission of Louisiana and of
147 the Louisiana Public Service Commission set forth in Article X of this petition speak for themselves.

XI.

Your respondents show that by reason of the foregoing the Cumberland Telephone & Telegraph Company was placed in the position by which it was collecting all the increases which it had ever requested, and so long as the case remained in the status as above alleged, no appeal to the Court was possible, and the rights of the Cumberland Telephone & Telegraph Company to collect the same for the said increased rates remained inviolable, and that, therefore, at no time, did the Cumberland Telephone & Telegraph Company ever seek to have the case finally closed or a final order entered, but contented itself with the position which it occupied and continued to collect the increased rates; that by reason of such a situation there was, at no time, any objection on the part of the complainant to the case indefinitely taking the position as allowed under the two orders of the Commission, but certain interested parties, by reason of their representatives having been detained in the Constitutional Convention of 1921, had been unable to prepare for future hearing of the matter, and by reason of the same and the applications made by the interested parties before the expiration of the four months from April 1, 1921, the Railroad Commission of Louisiana and the Louisiana Public Service Commission extended the said four months' period of time allowed in the order of April 1, 1921, indefinitely, and
148 until further orders of the Commission, and thereafter Hon. John T. Michel, a member of the Commission, departed this life.

XII.

Your respondents admit that up to the 13th day of May, 1922, *that* the said complainant, Cumberland Telephone & Telegraph Com-

pany, was entitled to collect the rates and charges as allowed in the order of the Railroad Commission of Louisiana on February 26, 1921, and April 1, 1921, but that the said orders were not final; that the case was never closed and that applications for rehearing were never refused before the 13th day of May, 1922, when the same, if not already granted, were granted by the Commission, and the rates as allowed in the orders of February 26, 1921, and April 1, 1921, were suspended and canceled until final hearing and determination by the Louisiana Public Service Commission.

XIII.

Your respondents admit that the Government had control of telephone lines during the period alleged, but they allege that there was no loss in the State of Louisiana in telephone operation as alleged, but on the other hand, operation of property in the State of Louisiana resulted in a profit, regardless of losses elsewhere.

XIV.

In answer to the allegations of Paragraph XIV, wherein the complainant submits statements taken from the accounts and
149 books of the plaintiff, for the year ending July 31, 1920, your respondents show:

(A.)

As to Vaule of Property.

On the hearing of this case, and at no time, did the complainant offer to prove the value of its properties in the State of Louisiana by any appraisal or by any other reasonably competent testimony; at no time before the Commission did the complainant prove or offer or attempt to prove the value of its property devoted to exchange business or the value of its property devoted to toll business and while the exhibits contained certain separations of exchange properties from the toll properties, the witnesses and officers of the complainant testified and admitted that such were not to be accepted as being a separation of the value of toll properties from the exchange properties for the reason that there were included in one many items of charges which should go to the other and that the segregation which they had offered, was merely such as, for the convenience of the company, had been carried on the books.

The officers and witnesses of the complainant did not submit and made no effort or attempt to submit any evidence showing the value of exchange properties devoted to intrastate business or the value of toll properties devoted to intrastate business as separated from the exchange and toll properties devoted to interstate business. Your respondents show that the complainants' officers and only wit-
150 nesses testified and admitted that they did not know the value of the property situated in the State of Louisiana and that no

appraisal of the same had been made, even in globo, without segregation or separation, as above pointed out.

And now with regard to the value of the property of the said complainant located in the State of Louisiana which the said complainant has not properly separated or segregated into its proper classes, your respondents submit the following:

1. That the said complainant, through the same officers who appeared and testified in the case before the Railroad Commission of Louisiana, made a tax return of its properties to the Board of State Affairs, the taxing authority of the State of Louisiana, in which it gave a list of its properties, and under oath, swore that the same were worth the sum of $9,324,212.00 for the year 1920, and the witnesses testifying in said proceeding and before the Louisiana Tax Commission swore that the said sum was the whole value of their properties in the State of Louisiana, based upon 100 per cent valuation, and under the law of Louisiana such property must be assessed at full value and complainant knew the same, all of which is shown by the tax returns and by the testimony given in the case before the Railroad Commission of Louisiana. Under a rule of the United States Supreme Court in the case of Adams Express Company v. Ohio, 166
U. S., 185; 17 Supreme Court, 606, your respondents have
151 adopted a proper rule that "It is a cardinal rule which should not be forgotten, that whatever property is worth for the purpose of income and sale, it is also worth for purposes of taxation." Your respondents considered the rule of Detroit & M. Railroad Co. v. Michigan Railroad Commission, 137 N. W., 329, and the rule there laid down by the Supreme Court of Michigan, which held:

"The assessed valuation of the property of the carrier is entitled to great weight in determining the value of the property employed for the establishment of rates, and evidence of greater value must be shown by a carrier complaining of rates fixed by the Commission. We are of the opinion that with the burden resting upon complainant, it should have presented other evidence from which the Court could determine, with reasonable certainty, the value of the property. If the value of the property is to rest upon opinion, the opinion of the Commission is quite as valuable as that of the Court. The evidence before us entitled to the greatest weight is that of the assessed value of the property and the averments in the sworn bill of complaint. Evidence of greater value, if it exists, is available to complainant."

And with the exception of a tax return, sworn to by the complainant, there was no competent evidence as to the value of the properties of the complainant within the State of Louisiana, and there was at no time, any evidence showing the value of exchange properties or of the properties solely devoted to intrastate business.

2. Your respondents show that on the hearing of this case, under the application of the Cumberland Telephone & Telegraph
152 Company, it represented that from investment figures its property in the State of Louisiana, in globo, represented an in-

vestment valuation of $11,219,033.80. As to whether this property was all property used, useful and necessary, there was no evidence and the complainant's officers could not testify. But, the said sum submitted failed to allow an approximate sum of from $1,938,00.00 to $2,020,000.00 accrued depreciation admitted by the complainant's Vice President, Hoxsey, and shown from the records of the Company, which has been taken out of the investment capital, which said sum of depreciation is the portion properly deductible from Louisiana's part of the concern's investment. Your respondents further show that there is charged further $438,900.90 working capital, and as there should be deducted the entire amount of accrued depreciation and working capital, the investment capital of the State of Louisiana would be less than $9,000,000.00.

3. The investment capital figures of $11,219,033.80 are further shown to be excessive to the amount of $1,372,560.00 by reason of the fact that, as has been admitted by the plaintiff under oath in the examination in the State of Tennessee, as shown by affidavit hereto attached, some years ago, the Cumberland Telephone Company retired common capital stock amounting to $8,600,000.00 for an equal amount of preferred capital stock and then later exchanged the preferred capital stock at the rate of $160.00 for $100.00 and issued in lieu of the said preferred stock $13,760,000 in bonds, or an excess capitalization of $5,160,000.00, of which 26.6 per cent is attributable to the investment of the State of Louisiana,
153 thus making a necessary deduction of the said $1,372,560.00.

Deducting also the further sum of $403,894.00, the value of the complainant's property in the State of Louisiana, from the investment calculation is again shown to be $9,442,579.80, and from this should be deducted the accrued depreciation taken from the property in the State of Louisiana of 17 per cent, which would reduce the investment value of the complainant's property to approximately $7,500,000.00. These calculations are by no means conjectures, but are the sworn returns of the complainant and its admissions under oath, and no evidence has been submitted to contradict them by any one competent or prepared to testify regarding the value of the property in the State of Louisiana. By a summary of the items of value as set forth in these sub-divisions 1, 2 and 3, your respondents show that the Court and your respondents can only estimate the value of complainant's properties in the State of Louisiana in globo as of the value from $7,500,000.00 to $9,324,-212.00, and there is no evidence which would justify the Court or the Commission going beyond such calculations, and these are calculations which do not separate the toll property from the exchange property or the interstate property from the intrastate property.

(B.)

As to Revenue.

The complainants, in the application which they filed with the Railroad Commission of Louisiana on the 22nd day of Sep-
154 tember, 1920, admitted that for the preceding year, (after making allowances which your respondents will later disclose in full), their net earnings amounted to $663,801.07. Your respondents show that to this admitted net earning there should be added the following:

1. Income tax. Included in the complainant's list of operating expenses, is the sum of $36,944.00 for income tax, which is charged in the operating expenses, the amount of this charge, which the complainant's officers admitted, under oath, as having been charged to operating expenses, is ascertainable by deducting Louisiana's proportion of the interest on bonds and notes from the year's revenues ending July 31, 1920, and which leaves a net revenue of 366,106.00, inasmuch as the income tax is previously deducted from the $336,106.00 in order to determine the amount which has been deducted for income tax, the sum of $366,106.00 should be divided by .90 and 10 per cent of the resultant sum will be the amount deducted for income tax, or the sum of $36,944.00.

2. Annual Depreciation. The complainant and its officers and witnesses gave no testimony of any kind whatever to justify any particular rate of depreciation as being a proper charge to be taken from the gross operating revenues. Your respondents show that the complainant is charging to its operating revenue a sum in excess of 6 per cent of the value of the property, excepting lands and working capital. Your respondents show that in the State of Illi-
nois the annual depreciation has been limited to 3 per cent;
155 that in the State of California the depreciation has been limited to approximately 3 per cent by requiring that such a sum be deducted and placed into a sinking fund and invested at interest; that in Milwaukee, the Wisconsin Commission allowed a depreciation of 3½ per cent; that in many states the claim for depreciation has been materially reduced, and your respondents, in allowing an annual depreciation of 5 per cent and deducting from the charges the sum of $100,000.00 and adding the same to the net operating revenue, were very conservative and acted extremely liberal toward the complainant.

In 1912 complainant claimed depreciation at the rate of 4.38 per cent; in 1915 it claimed depreciation at 3.92 per cent, but for 1920 this complainant seeks a depreciation allowance at the rate of 6.35 per cent, without explanation or proof of propriety.

3. Operating Expenses. Your respondents show that the complainant's Vice President, Hoxey, in his testimony, at page 233, said: "I am assuming that the same general trend in the cost levels which applies to the Company as a whole will also apply to Louisiana.

I know of no reason why it should not be perfectly fair assumption." Your respondents further show that the total operating revenue for the Cumberland Telephone Company, as a whole, in the four states for the year ending December 31, 1915, amounted to $3,948,880.22; that the total operating expenses for the said Company, as a whole,

156 for the four states for the year ending July 31, 1920, amounted to $8,335,530.00, or an increase equal to 111.53 per cent for the Company as a whole for the year 1915, as compared with the year 1920. However, your respondents show that, without explanation, without particular testimony and with no witnesses who knew facts or who were competent to testify in justification of the same, the said complainant claimed that the operating revenue in the State of Louisiana for the year 1915, which amounted to $926,954.30, should be increased to $2,546,423.53, or an increase in operating expenses applying to Louisiana for 1920 as compared with 1915 of 165 per cent. The Commission acted properly in reducing the excess charges for operating expenses to the level claimed to the admitted level of the Company as a whole, for had it not done so, it would have an allowance of almost double the amount of increase for operating expenses in Louisiana as compared with the other States in which the complainant operated, and thereby an additional sum of $500,559.00 should be added to the net revenue of the complainant, so that the rate of increase for operating revenue in Louisiana will be allowed at the rate of 111.53 per cent instead of an allowance of approximately 90 per cent for all other States and an allowance of 165 per cent for the State of Louisiana.

Included in the complainant's cost of operation is the huge sum spent for public advertisement in justification of the rate raises being claimed. Your respondents allege that said sum has been enormous, but the exact amount they are unable to ascertain, but they aver that the same should not be allowed in the costs of operation in determining a proper rate to be charged.

157 4. Your respondents show that the said complainant claimed 4½ per cent of gross revenues for a contract which it has with its owner, the American Telephone & Telegraph Company. Your respondents show that in allowing for the instruments and fixtures legally proven, it has complied with the tenor of modern authority and that there is no proof in the record which justifies any allowance in excess of the $68,000.00, and thereby an increase carried to the net revenue of $167,301.71; but in this connection, your respondents show that according to the exhibits of the complainant, Hoxsey No. 9, the allowance under this contract was $235,301.71, but the testimony as offered by the protestants was that the said allowance as shown from the records of the Company, amounted to only such a sum as, if the $68,000.00 were deducted and leave to be added the further sum of $122,482.00, and as to which of the allowances are correct, at this time, your respondents are unable to say.

Your respondents show that the allowance under the 4½ per cent contract must depend upon the proof in the record and that there is

no proof in the record at all which would justify an allowance under the 4½ per cent contract in the present case, except for the $68,000.00, which has been allowed. In this connection, your respondents show that probably a dozen other states have allowed from 2 per cent to 2½ per cent of the claimed 4½ per cent; that the Supreme Court of Missouri allowed approximately 2 per cent of the claimed 4½ per cent and that the Public Utility Commission of California allowed only 70 cents per instrument, which course,
158 if Louisiana had adopted, would have allowed the complainant approximately the sum of $50,000.00, your defendants, realizing that such was a matter of proof, attempted to aid the record in this case by calling in the parent concern of the complainant, but that the said complainant and the said parent concern are now manifesting an intention that they are unwilling to make a full disclosure of the matter and are unwilling to appear for examination.

Your respondents show that, summing up the allegations as they make in these subdivisions 1, 2, 3 and 4, they are compelled to add to the admitted net earnings of the complainant and to find them to be as follows:

5.92 per cent admitted by application	$663,801.07
Income tax added	36,944.00
Amount added from depreciation fund, 6 per cent reduced to 5 per cent	100,000.00
Amount added by reducing increased expenses to average of the 4 states	500,550.00
Amount added from 4½ per cent fund	167,301.71
Total earnings	$1,431,661.78

On a value of $7,550,00.00, the complainant's earnings have been approximately 20 per cent; on a value of $9,524,212.00, the complainant's earnings have been approximately 15½ per cent; on a value even as alleged by the complainant, without deducting the admitted accrued depreciation and working capital, the return is approximately 12.9 per cent; on a value even as alleged by the complainant, without deducting
159 the admitted accrued depreciation and working capital, the return is approximately 12.9 per cent.

Your respondents show that if the proper division were made between the intrastate revenue and the interstate revenue, and between the intrastate expenses and the interstate expenses that the rate of return would be much larger than without the division. Your respondents deny the correctness of the list of investment revenue and expenses for the State of Louisiana for the year ending July 31, 1920, as set forth in Paragraph XIV of the complainant's petition, and further deny the statement of investment, revenue and expenses for the months of August, September, October and November, 1920, as set forth in Paragraph XIV, and particularly show that the rate of return for the four months' period of 1920 as set forth in the fourteenth paragraph of the complainant's bill, is grossly incorrect, and that the rate of return for the said four months is largely in excess of the

rate of return for the year ending July 31, 1920, if proper adjustment were made and proper returns were submitted, and the rate of return would be particularly large if the proper segregation of intrastate and interstate business were shown.

XV.

In answer to the allegations of Paragraph XV, your respondents show that the list of operating revenues, as therein detailed, is incorrect and does not show the proper investment, the proper operating revenues nor the proper operating costs, and likewise is the
160 alleged net revenue far below what should be shown, and respondents allege that they are informed and believe that the complainants have employed the same process as was done in the account for the year ending July 31, 1920, and that if proper adjustments were made the net operating revenue of the said complainant under the increase in rates has been at the rate of from 18 per cent to 25 per cent, depending upon the value of the property, and that the rate of return would be in excess of that amount if proper deductions were made for the intrastate business as segregated from the interstate business. Other allegations of Paragraph XV are denied.

XVI.

Your defendants admit that the complainant did not and has not and cannot make a proper separation for interstate and intrastate toll service and revenues and expenses unless there is an appraisal of the property, but they show that upon such an appraisal and proper separation that the revenues properly attributable to the State of Louisiana will be materially increased, and particularly do your respondents allege that the exchange revenues will be materially changed by a segregation of the interstate and intrastate business and by a separation of the toll and exchange business, which is wholly necessary in order that any reasonable portion of revenues may be secured to the exchanges of the State of Louisiana for the toll business done, and particularly for the interstate toll business.

161 XVII.

Your respondents deny that the exchange service furnished in Louisiana is intrastate, but admit that complainant's property and facilities are used for intrastate and interstate service and are used jointly in furnishing interstate and intrastate toll service, but defendants deny the allegations as to the division of interstate and intrastate business, as set up in the seventeenth paragraph of the bill, and show that if the proper segregation were made that the revenues in Louisiana for interstate business as compared with the operating costs would show a material increase in the net rate of return for Louisiana business. Other allegations in Paragraph XVII are denied.

XVIII.

Defendants deny the allegations of Paragraph XVIII.

XIX.

Defendants admit that extensions are necessary to telephone business, but they deny all other allegations of Paragraph XIX, and they particularly show that the complainant has itself admitted Louisiana to be its most profitable State and its revenues to be beyond the pale of confiscation.

XX.

Defendants deny the allegations of Paragraph XX, and show that the costs of operation have materially reduced, but that the said complainant is now mismanaging its property and failing to make
162 such reductions as are necessary so as to make such an exhibit in the various rate inquiries now pending as will not injuriously affect their case, and particularly does this apply to the excess publicity and advertisements being made to justify an unjust rate increase in the State of Louisiana, under the record as previously made up.

XXI.

Your defendants deny the allegations of Paragraph XXI, and show that the value of the complainant's property in the State of Louisiana is between $7,500,000.00 and $9,400,000.00.

XXII.

The allegations of Paragraph XXII as made are conclusions of law, but as made, the same are denied, in so far as the same may attempt to allege that the Court has jurisdiction to enjoin Order No. 40 of the Louisiana Public Service Commission.

XXIII.

Defendants admit the allegations of Paragraph XXIII, except that they show that numerous inquiries were made and various parties insisted that the said case be set down and tried, which was not done for various reasons, many of which appear in the bill filed by the complainant, and particularly the death of one of the members of the Commission and the holding of the Constitutional Convention, together with extra sessions of the Legislature, such
163 as made it impracticable to call the said case and to hear the same.

XXIV.

Defendants admit the death of John T. Michel and admit that Francis Williams was elected as a Commissioner to fill the unexpired

term of the said Michel, but, as made, deny the other allegations of Paragraph XXIV, and show further that the same are wholly irrelevant to this case.

XXV.

Defendants show that the allegations of Paragraph XXV are irrelevant and immaterial.

XXVI.

In answer to the allegations of Paragraph XXVI, your respondents show that the same are wholly irrelevant and immaterial to this case, but they show that Commissioner Francis Williams has at all times acted properly in this case, has voted in accordance with the record as made up before the Commission and in accordance with the facts as disclosed in the record as he conscientiously believed them to be; they further show that the complainant's discussion of the internal affairs of the Louisiana Public Service Commission *in* gratuitous and improper on *their* part and an effort to cloud the issue of this case, rather than stand upon the record as made up; they further show that Commissioner Williams at no time acted illegally or improperly or outside his duties in any manner
164 connected with this case or the affairs of the complainant and that all allegations in Paragraph XXVI asserting the contrary are false and untrue.

XXVII.

The allegations of Paragraph XXVII are denied.

XXVIII.

Defendants admit that a motion to recuse Commissioner Williams was overruled. They further admit that one of the complainant's counsel was guilty of improper conduct before the Commission, such as to compel the Chairman to warn him that he would be sent to jail if he did not respect the orders of the Commission at the hearing, and further allege that if the said attorney had not desisted in doing such things as he was told not to do at the hearing of the Commission that he would have been sent to jail, however much the Commission would have regretted so doing. Other allegations of Paragraph XXVIII are denied and are irrelevant to this case.

XXIX.

The allegations of Paragraph XXIX are denied as made and the same are almost wholly conclusions of law, and therefore, irrelevant.

XXX.

Defendants admit the allegations of Paragraph XXX, but show that the opinion and order will show for themselves.

165

XXXI.

They admit that Huey P. Long and Francis Williams voted in favor of the said order and that Shelby Taylor voted against the same, but deny all other allegations of Paragraph XXXI.

XXXII.

They deny that this suit arises under the Constitution and laws of the United States for the reason that there is no confiscation and that the Court is not allowed jurisdiction of this case under the present status.

XXXIII.

They deny the allegations of Paragraph XXXIII as made.

XXXIV.

Defendants deny the allegations of Paragraph XXXIV.

XXXV.

And now your respondents show they have rendered their order, No. 40, without mentioning or taking into consideration the greatest inequality in toll divisions and allowances upon toll costs made to the exchanges in the State of Louisiana; they show that the said toll allowance on interstate and intrastate messages to the exchanges operated in the State of Louisiana are unjust and unreasonable and deprive the exchanges of the proper portion to which they are
166 due; they further show that if the toll revenues were segregated from the exchange revenues and that if the interstate revenues were segregated from the intrastate revenues, with such segregations made, the items of investment and expense, then the return in the State of Louisiana would be far in excess of what it is otherwise alleged to be in this answer.

Wherefore, your respondents pray that the demands of the complainant be rejected at its costs; that its bill be dismissed; that the restraining order herein issued be set aside and that complainant be denied any writ of injunction or process of this Court; pray for all and general relief, for judgment according to equity.

LOUISIANA PUBLIC SERVICE COMMISSION,

(Signed) By HUEY P. LONG, *Chairman.*

STATE OF LOUISIANA,

By W. M. BARROW,
Asst. Attorney General.

(Signed) HUEY P. LONG,
Solicitor for Louisiana Public Service Commission & for Members Thereof.

(Signed) HUEY P. LONG.
" FRANCIS WILLIAMS.

167 STATE OF LOUISIANA,
Parish of Orleans:

Before me, the undersigned authority, personally came and appeared Huey P. Long, and Francis Williams, to me well known, who being by me first duly and legally sworn, say:

That the allegations and statements of fact as set forth in the above and foregoing answer to the bill of complaint of the Cumberland Telephone and Telegraph Company, Suit No. 95, in Equity, in the United States District Court for the Eastern District of Louisiana, are true and correct in fact and in substance.

(Signed) HUEY P. LONG.
(Signed) FRANCIS WILLIAMS.

Sworn to and subscribed before me this 21st day of June, 1922.

(Signed) HY. J. LOISEL,
[SEAL.] *Deputy Clerk U. S. District Court,*
Eastern District of Louisiana.

168 *Hearing on Application for Preliminary Injunction and Also Upon Motion to Dismiss.*

Extract from the Minutes.

May Term, 1922.

New Orleans, Friday, June 23rd, 1922.

Court met pursuant to adjournment.

Present:

Hon. Nathan P. Bryan, Circuit Judge.
Hon. Henry D. Clayton, District Judge.
Hon. Rufus E. Foster, District Judge.

Baton Rouge Division.

No. 95.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY

VS.

LOUISIANA PUBLIC SERVICE COMMISSION et als.

This cause came on this day to be heard upon the application of complainant for an interlocutory injunction, and also upon the motion to dismiss filed on behalf of defendants.

Present:

Hunt Chipley, E. D. Smith, J. Blanc Monroe and J. C. Henriques, Solicitors for Complainant;

Huey P. Long and A. H. Roberts, Solicitors for Louisiana Public Service Commission, one of the defendants;

Wylie M. Barrow, Assistant Attorney General of the State of Louisiana, Solicitor for the State of Louisiana,

and was argued by the counsel for the respective parties and submitted, when the Court took time to consider:

168½ In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Plaintiff's Affidavits and Evidence on Motion for Interlocutory Injunction.

J. C. Henriques, J. Blanc Monroe, Solicitors.
Hunt Chipley, E. D. Smith, of Counsel.

169 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION AND OTHERS, Defendants.

Affidavit of Charles A. Stair.

STATE OF LOUISIANA,
Parish of Orleans:

Personally came and appeared before me, the undersigned authority, Charles A. Stair, who being duly sworn deposes and says:

That he was General Manager of the Cumberland Telephone and Telegraph Company for the State of Louisiana from the year 1914

to the year 1921, and since that date, he has been Division Manager of the Cumberland Telephone and Telegraph Company in the State of Louisiana. That during said entire period he has been the highest ranking officer of said Company in the State of Louisiana, and was its duly appointed agent.

That the Cumberland Telephone and Telegraph Company is a corporation organized and existing under the laws of the State of Kentucky and a citizen of said State; and that said Louisiana Public Service Commission is a corporation or administrative board created and existing under the Constitution and laws of the State of Louisiana and a citizen of said State; and that Huey P. Long, Shelby Taylor, Francis Williams, A. V. Coco, and Wiley M. Barrow are all citizens of the State of Louisiana.

That plaintiff's charter authorizes it to do a general telephone business in the States of Kentucky, Tennessee, Mississippi and Louisiana and that it is duly and legally qualified to do a telephone business in said States, and is and has been for several years
170 past, actually doing and has done such a telephone business in all of said States, furnishing therein both local exchange and toll service, and owning in said States the property used and useful for said purpose.

1. That the operation of the property of the Cumberland Telephone and Telegraph Company in the State of Louisiana, which has been under federal control, was returned to the Company at midnight on July 31, 1919.

2. That from August 1, 1919, up to March 1, 1921, the schedule of rates for local exchange service in the State of Louisiana was the schedule of rates which had been in force and effect during the period of government control, which schedule is attached to the bill of complaint and marked Exhibit F. (Printed Bill, page 79.)

3. That after a trial of said rates for over one year, on September 22, 1920, the Cumberland Telephone and Telegraph Company having found by said trial and otherwise that said rates were so unreasonably low as to be confiscatory, voluntarily went before the Commission, and, making proper averments, set forth that the then existing rates were unreasonably low, and asked for an increase in rates.

4. That said application was duly assigned for a hearing at Baton Rouge, Louisiana, October, 1920.

5. That although the Cumberland Telephone and Telegraph Company was fully prepared to take up said application in October, 1920, same was continued by order of the Louisiana Railroad Commission until December 15, 1920, and the company was instructed to have printed a sufficient number of copies of the schedule of proposed increased rates and deliver same to the Railroad Commission of Louisiana so that it could transmit same to every mayor and town council in the State as well as to every chamber of commerce or commercial organization in every town in which the company operated an exchange, and that this request was complied with.

6. That on December 15, 1920, the said application was duly taken up by the Railroad Commission of Louisiana and was heard on December 15, December 16 and December 17, 1920, a comprehensive investigation and hearing being had on those three days, and testimony, both oral and documentary, being offered at that time, which showed conclusively that the rates as previously fixed by the Railroad Commission of Louisiana were unreasonable, unjust and unremunerative rates and were not affording the Cumberland Telephone and Telegraph Company a reasonable return for the service ren-
171 dered or a just return upon the fair value of the property used and useful in the rendition of the service.

7. That after said hearing on December 17th, the case was closed and submitted to the Railroad Commission of Louisiana which took same under advisement.

8. That the Railroad Commission of Louisiana thereupon allowed all parties in interest an additional delay until December 31, 1920, to file briefs either in support of the application for an increase, or against said application.

9. That at the expiration of the delay allowed, namely on December 31, 1920, no briefs had been filed in opposition to said application for an increase in rates. That the case was thereupon closed on January 1, 1921.

10. That on January 25, 1921, twenty-five days after the closing of the case, the Railroad Commission of Louisiana met for consideration of said case, and was then and there advised that the City of New Orleans desired to put in further testimony in said case and desired to file an application for a rehearing, which request the Railroad Commission took under advisement.

11. That thereafter, on January 28, 1921, without any notice to the Cumberland Telephone and Telegraph Company, the chairman of the Railroad Commission of Louisiana, the Honorable Shelby Taylor, and the member of said Commission from the City of New Orleans, the Honorable John T. Michel, had a conference in the City of New Orleans out of the presence of the Cumberland Telephone and Telegraph Company or its representatives, with the city attorney of the City of New Orleans, the assistant city attorney of the City of New Orleans, the mayor of the City of New Orleans and the commissioner of Public Utilities of the City of New Orleans, in the City Hall at New Orleans, and after some discussion a formal application was presented to the two said commissioners for a rehearing of the case, and an ex parte order was thereupon entered, re-opening the case in order to afford the City of New Orleans an opportunity to have an expert testify in opposition to the proposed increase of rates.

12. That the case was then set down for further hearing at the regular session of the Railroad Commission of Louisiana in Baton Rouge on February 24, 1921, and that the Railroad Commission on said date, February 24, 1921, and the two following days, namely

February 25 and February 26, 1921, proceeded to hear further evidence on the matter introduced by the City of New Orleans
172 and such other persons as cared to offer evidence, and caused the Cumberland Telephone and Telegraph Company to submit all of its former witnesses for re-cross examination, which was done.

13. That the case was then argued on February 26, 1921, and after said full argument, the Commission took said case under advisement and proceeded to decide same on the night of February 26, 1921, after same had been fully heard and had been under advisement really since January 1, 1921—a period of approximately two months. The order then rendered being Exhibit "A" attached to the bill of complaint in the above numbered and entitled cause (printed bill page 29).

14. That, subsequently, the City of New Orleans filed what was termed an application for a second re-hearing, which application was set down for argument on March 22, 1921, and was argued on said date and taken under advisement.

15. That on April 1, 1921, the Railroad Commission of Louisiana rendered a decision and order on said application for a second re-hearing, by which it granted four months' additional time to the City of New Orleans to introduce further evidence, but in said order held its previous order and decision was correct and maintained same in full force and effect, except in so far as joint user rates were concerned. The order then rendered being Exhibit "B" attached to the said Bill of Complaint, (printed bill page 43).

16. That said order of April 1, 1921, specifically provided that "the Cumberland Telephone and Telegraph Company be, and it is hereby, directed and required to so keep its records, books and accounts that should our order No. 2397, of date February 26, 1921, be modified or cancelled, proper refunds may be promptly made to all users of telephone exchange service, of the difference between the rates in effect on February 28, 1921, and such rates as may be made effective after hearings and final decision herein." (Printed bill page 61). That the plaintiff, in accordance with said order, has so kept its records, books and accounts, and proposes to so keep its records, books and accounts, that the exact record of any excess collections made by it, if any, may hereafter be available.

17. That upon the adoption of the Constitution of the State of Louisiana for the year 1921, the members composing the Railroad Commission of Louisiana were: Honorable Sherby Taylor, Honorable John T. Michel and Honorable Huey P. Long. That these gentlemen, by virtue of the provisions of the Constitution of Louisiana for the year 1921, became and were the members of the
173 Louisiana Public Service Commission which superseded and took the place of the Railroad Commission of Louisiana, and that the Louisiana Public Service Commission met at Baton Rouge, Louisiana, on July 1, 1921, and organized.

18. That the Louisiana Public Service Commission, after its organization on July 1, 1921, entered its orders Nos. 1 and 2, putting into effect all of the orders, rules, rates and regulations of its predecessor, the Railroad Commission of Louisiana, including the orders of the Railroad Commission of Louisiana of February 26, 1921, and April 1, 1921, on the subject of telephone rates, as appears by Exhibit "C" which is attached to and made part of the bill of complaint filed herein. (Printed bill page 63.)

19. That on July 26, 1921, the Anti-Increase Telephone Association, acting through the City Attorney of the City of New Orleans, presented to the Louisiana Public Service Commission an application for a further continuance of the matter, and the Louisiana Public Service Commission, on said application, continued same subject to call on reasonable notice.

20. That from July 26, 1921, until April 28, 1922, no action was taken by any party upon said application, and no effort of any kind was taken, no hearing was had and no attempt was made to change the rates put into effect by the Commission by its orders of February 26, 1921, and April 1, 1921.

21. That the exhibit which is attached to the bill of complaint and marked Exhibit E (printed copy of bill, page 71), is a schedule of rates that were put in force and effect by the orders of the Railroad Commission of Louisiana of date February 26, 1921, and as modified by the order of the Railroad Commission of Louisiana of date April 1, 1921, and the orders of the Louisiana Public Service Commission of date July 1, 1921, and said schedule of rates has been charged by plaintiff herein in Louisiana from the rendition of said orders up to and including the present time.

That as hereinafter more fully appears, plaintiff presented to the Louisiana Public Service Commission on May 2nd, 1922, a full statement of the operating results of said rates, which statement showed the return thereunder to be not unfair to the public and which showing was in no wise refuted or attempted to be refuted or contradicted.

22. That on the 22nd day of November, 1922, the member of the Louisiana Public Service Commission from the First District
174 of Louisiana, to-wit: the Honorable John T. Michel, died, thereby creating a vacancy in said Commission. That the Honorable John M. Parker, Governor of the State of Louisiana, ordered an election to be held on April 18, 1922, to fill said vacancy. That immediately upon the Governor ordering said election, the Democratic Party of Louisiana ordered a primary election to be held to nominate a candidate to be voted for at said special election on April 18, 1922. That various persons entered said primary ordered by the Democratic Party, seeking the nomination, and among them was Mr. Francis Williams of the City of New Orleans. That in the course of his political campaign, Mr. Francis Williams made various promises and pledges and issued various campaign platforms and documents. That among the promises and pledges made by Mr. Francis Williams to the voters was the promise and pledge that if he

was selected as the nominee of the Democratic Party and thereafter elected as a member of the Louisiana Public Service Commission, that he would reduce the telephone rates as then fixed by the Louisiana Public Service Commission. That this pledge and promise made by him was unconditional and was not qualified.

That the said Francis Williams caused to be printed and distributed by mail and otherwise, thousands of cards on which was printed the following:

"I will reduce telephone rates."

That affiant was given numerous cards of this character which had been sent through the United States' mails to various voters, and affiant says that the four postal cards which are marked Exhibit "G" and attached to the bill of complaint (printed bill pages 87 and 88) are verbatim copies of the cards which were sent out and circulated to the voters of the City of New Orleans by the said Francis Williams. Affiant says that he is informed and upon information and belief avers that these cards were mailed to every registered voter in the Parish of Orleans.

23. That at the election held on April 18, 1922, the said Francis Williams was elected a member of the Louisiana Public Service Commission. Affiant is informed and upon information and belief says that the earliest date upon which a commission could issue to the said Francis Williams was April 28, 1922. That on said date, April 28, 1922, said Francis Williams went to Baton Rouge, Louisiana, and on the self same day at a special meeting, the Commission was re-organized by the election of Huey P. Long as Chairman and the said Francis Williams, pursuant to his promise and pledge to reduce telephone rates, offered a resolution which was immediately sup-
175 posedly adopted by the vote of the said Williams and the said Long, the said Taylor not voting in favor thereof, ordering the plaintiff herein to show cause on May 2, 1922, why the schedule of rate it was charging should not be reduced to the rates that were in effect prior to March 1, 1921. That a telegram was sent to affiant as agent of the plaintiff herein, notifying him of said hearing, as more fully appears by said telegram which is attached to the bill of complaint and marked Exhibit H. (Printed bill page 89.) And on the following date, April 29, 1922, affiant received through the mails another similar notice which is attached to the bill of complaint and marked Exhibit I. (Printed bill page 90.)

That he is informed and upon information and belief says that said resolution and said notice are not in accordance with the rules of the Louisiana Public Service Commission, and that the restrictions contained in said resolution and said notice, to-wit: "said hearing to be restricted to argument only and the filing of such affidavits and motions as may be offered, and no parol testimony will be heard," is a denial to the plaintiff herein of its constitutional rights and amounts to taking its property without due process of law, in violation of the Constitution of the United States and the Constitution of the State of Louisiana.

24. That on May 2nd, 1922, pursuant to said notice, the plaintiff appeared through its counsel, Messrs. Hunt Chipley, J. C. Henriques, and J. Blanc Monroe, at the City Hall in the City of New Orleans at 10:00 o'clock a. m., and immediately upon the meeting being called to order by the Chairman of said Commission, Mr. Huey P. Long, plaintiff, through its counsel, Mr. J. Blanc Monroe, filed a written petition with said Louisiana Public Service Commission, setting forth that the Honorable Francis Williams had disqualified himself by his public utterances, promises and pledges, both written and verbal, from rendering a fair, just and impartial decision on the correctness of the rates that plaintiff was charging and which plaintiff should receive for telephone service in Louisiana. That on account of the bias and prejudice, public utterances and promises of the said Francis Williams, he was incapable of fairly deciding what was a proper, just and reasonable rate that plaintiff should charge for telephone service in the State of Louisiana. That on account of the said bias, prejudice, public utterances and promises of the said Francis Williams, he was incapable of performing the duties imposed upon him by the Constitution of Louisiana, to-wit: To fix reasonable and just rates and charges for plaintiff's telephone service in said State. The whole as per Exhibit "J." (Printed bill page 91.)

176 That immediately upon the presentation of said petition, one of the counsel for the plaintiff, Mr. J. Blanc Monroe, began to read same, and without any consultation with the other members of the Commission, the Chairman of said Commission refused to permit the reading of said petition, and overruled same. That this refusal was made before the document was read or before the chairman had read it himself. That the counsel for the plaintiff insisted that he had a right to read said document. Whereupon the following colloquy between the chairman of the Commission and one of the members thereof, to-wit: Mr. Francis Williams, and Mr. J. Blanc Monroe, took place:

"If you insist on reading that, I want you to know you will be in contempt of this Commission," Chairman Long said. "I will not permit that document read here."

"Then let the records show that the Cumberland Company files herewith the petition asking that Francis Williams recuse himself and that this was denied without putting it to a vote of the Commission," Attorney Monroe answered.

Long: "Let the document be filed but do not read it."

Monroe to the stenographer: "Let the records further show——"

Long: "Sit down, Mr. Monroe, you are not going to run this Commission."

Monroe: "I wish the records to show that too."

Long to stenographer: "Don't take down anything of that."

Long to Monroe: "Now Mr. Monroe, I don't want any trouble with you."

Monroe: "You are not going to have any trouble with me. I merely want my constitutional rights."

Mr. Long then began dictating a statement to the stenographer, outlining his (Mr. Long's) side of the case. "The motion is over-

ruled," he dictated to the stenographer, "with Mr. Williams concurring."

Mr. Long asked Commissioner Taylor how he was voting.

"Not voting," Commissioner Taylor answered.

Monroe: "I would like to add to the record that the motion to recuse has never even been read or considered by this com-
177 mission. They have passed upon the motion without reading it themselves, and without permitting me to read it to them, I want the records to further show that the chairman of the commission, without consulting any of the other members——"

Williams: "I want to let you know, Mr. Monroe, that you haven't any right to dictate to this commission and that you are not going to dictate to me."

Long: "You are not going to reflect on any member of this commission, Mr. Monroe, or you will go to jail for contempt."

Affiant says that the above colloquy is taken from the publication of the account of said meeting in the New Orleans Item, a daily paper published in the City of New Orleans. That the said colloquy was taken down in shorthand by one of the reporters at the time it took place, and affiant avers that same is true and correct.

That the Commission then proceeded to permit the document to be filed without being read, and then, by a vote of Messrs. Williams and Long, ordered the petition stricken from the record.

25. That immediately thereafter, plaintiff filed with said Louisiana Public Service Commission an objection, wherein the notice of said hearing which had been served upon plaintiff and which has been hereinabove referred to as Exhibit I (page 90 of the printed bill), was set forth in full, and wherein plaintiff objected to said notice and hearing on the following grounds:

"1. That this hearing and the notice thereof are contrary to and in violation of the rules and regulations of the Louisiana Public Service Commission.

"2. That this hearing and the notice thereof amount to a denial to it of equal protection of the law, and the deprivation to it of its property without due process of law, in contravention of the 5th and 14th amendments to the constitution of the United States and Section 1 of Article II of the Louisiana Constitution of 1921," which objection was promptly overruled.

That inasmuch as the notice from the Commission had prohibited plaintiff from offering parol evidence, plaintiff thereupon, with full reservation of its rights in the premises, proceeded to offer in evidence before said Commission the affidavits of Messrs. Charles A. Stair, J. J. McTiernan and George J. Yundt. That there was also
178 offered in evidence quotations showing prices of the stocks and bonds of the American Telephone and Telegraph Company for the week ending April 29, 1922, the irrelevant affidavits of Robert A. Reid, Ivy G. Kittridge, Paul H. Maloney and Rene A. Viosca, and no other affidavits were offered at said hearing. That

thereupon arguments were made by parties interested, and the Commission took the matter under advisement. That, therefore, the only evidence offered to or before the Louisiana Public Service Commission as to the value of the property of the plaintiff used and useful in the rendition by it of telephone service in the State of Louisiana as of date May 2nd and 3rd, 1922, the date of the inquiry, were the affidavits of Messrs. J. J. McTiernan and George J. Yundt, copies of which are hereto attached.

That the statements contained in said affidavits were in no wise and in no manner contradicted or controverted by evidence of any character offered to or before said Louisiana Public Service Commission, the said affidavits being, as stated, the only evidence on said subject before said Commission.

That, prior to the hearing of May 2, 1922, no evidence of any kind had been presented to said Commission since the close of the hearing on February 26, 1921, a period of over fourteen months prior to the hearing of May 2, 1922.

That thereafter, on May 13, 1922, the Louisiana Public Service Commission convened in New Orleans, Louisiana, and handed down its so-called Order No. 40, Docket 3052, (printed bill page 93), same being concurred in by Commissioners Huey P. Long and Francis Williams, and dissented from by Commissioner Shelby Taylor.

(Sd.) C. A. STAIR.

Sworn to and subscribed before me on this 8th day of June, 1922.

(Sd.) FRANK T. DOYLE,
[SEAL.] *Notary Public.*

179 Copies of affidavits referred to as being attached to the foregoing affidavit of C. A. Stair will be found on page 127 and page 131 respectively.

180 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of J. J. McTiernan.

STATE OF GEORGIA,
County of Fulton:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at large, J. J. McTiernan, who is personally known to me, and being sworn, deposes and says:

I am Chief Accountant of the Cumberland Telephone & Telegraph Company, and reside in Atlanta, Georgia.

I have been continuously in the telephone business for the past sixteen years; during the past ten years in the employ of said Company.

I am familiar with the books and accounts of said Company, which are under my immediate supervision, and know that its said books are correctly and accurately kept.

The Cumberland Telephone & Telegraph Company is under the jurisdiction of the Interstate Commerce Commission, and is required to, and does, make monthly and annual reports to said Commission. The books and accounts of said Cumberland Telephone & Telegraph Company are kept in strict accordance with the Uniform System of Accounts for Class A Telephone Companies, prescribed by the Interstate Commerce Commission.

The following statement taken from the accounts and books of the plaintiff, shows the average investment, revenue and
181 expenses for the State of Louisiana for the year ending July 31, 1920:

Average Exchange Lines and Equipment	$7,013,041.09	
Average Toll Lines and Equipment	2,832,770.88	
Average Real Estate—Land	180,759.02	
Average Real Estate—Buildings	642,021.40	
Average Furniture and Fixtures	43,052.33	
Average Tools, Teams, Vehicles, etc	103,494.18	
Average Working Capital	403,894.90	
Total Average Investment		$11,219,033.80
Exchange Revenue	$2,741,386.50	
Toll Revenue	1,517,992.29	
Miscellaneous Revenue	66,034.79	
Total Gross Revenue		$4,325,413.58
General and Miscellaneous	$135,140.96	
Commercial	499,480.44	
Traffic	1,070,077.68	
Current Repairs	670,781.13	
Station Removals and Changes	66,279.51	
Depreciation	651,019.32	
Rights, Privileges and Use of Property	235,301.17	
Insurance	14,672.81	
Taxes	318,859.49	
Total Expenses		$3,661,612.51
Net Revenue		$663,801.07
Per cent. per Annum of Net Revenue to Investment		5.92%

The following statement taken from the accounts and books of the plaintiff, shows the average investment, revenue and expenses for the months of August, September, October and November, 1920:

Investment:	
Average Exchange	$7,505,990.99
Average Toll	3,102,047.85
Average Real Estate—Land	191,845.46
Average Real Estate—Buildings	670,745.24
Average Furniture and Fixtures	57,148.50
182	
Average Tools, Teams, Vehicles, etc	120,114.27
Average Working Capital	540,055.23
Total Average Investment	$12,187,947.57
Revenues:	
Exchange	$970,979.40
Toll	518,325.08
Miscellaneous	24,588.16
Total Revenues	$1,513,892.64
Expenses:	
General and Miscellaneous	$45,110.31
Commercial	206,818.72
Traffic	441,304.06
Repairs	249,904.80
Station Removals and Changes	21,230.29
Depreciation	233,620.96
Rights, Privileges and use of property	79,371.18
Insurance	3,846.98
Taxes	109,634.44
Total Expenses	$1,390,841.74
Net Revenue	$123,050.90
Percentage Per Annum of Net Revenue to Investment	3.03

During all of said period, the rates charged in Louisiana by plaintiff were the rates and charges promulgated by the Postmaster General and approved by the Louisiana Railroad Commission in its order of September 3, 1919.

The following statement, taken from the accounts and books of the plaintiff, shows the average operating investment, revenue and expenses for the State of Louisiana for the year 1921 to be as follows:

Average investment:

Intangible Capital	$.....
Real Estate—Land	172,144.17
Real Estate—Building	680,816.55
Exchange Lines and Equipment	7,988,965.85
Toll Lines	3,325,900.43
183	
Office Furniture and Fixtures	92,499.25
Stable and Garage Equipment, Tools and Implements	165,670.96
Materials and Supplies	261,004.62
Cash Working Capital	250,830.12
Total Average Investment	$12,937,831.95

Operating revenues:

Exchange Service Revenues	$3,540,440.51
Toll Service Revenues	1,553,800.64
Miscellaneous Operating Revenues	77,668.12
Total Operating Revenues	$5,171,909.27

Operating costs:

Ordinary Repairs	$694,245.11
Station Removals and Changes	92,475.32
Depreciation of Plant and Equipment	747,693.30
Traffic Expenses	1,323,496.04
Commercial Expenses	567,488.83
General and Miscellaneous Expenses	178,554.24
Uncollectible Operating Revenues	20,000.78
Taxes Assignable to Operations	412,723.42
Rents and Miscellaneous Deductions	50,561.88
Licensee Revenues—Dr. (Telephones, Services and Privileges)	215,911.02
Total Expenses and Deductions	$4,303,149.94
Net Revenue	$868,759.33

Percentage Per Annum of Net Revenue to average Investment. 6.71

Since making the affidavit showing the average investment, revenue and expenses for the year 1921 filed with the Louisiana Public Service Commission at its hearing on May 2nd, I have carefully rechecked all of the figures pertaining to the year ending December 31, 1921, appearing therein, which figures had been compiled but not checked, and were believed by me to be correct at the time I subscribed to said affidavit. Such check has developed that there

were certain errors in the statement as therein set forth, and the foregoing tabular statment is a correct and fully checked and accurate statement of the average investment, operating revenues,
184 operating costs and net revenues in the State of Louisiana for the year ending December 31, 1921, the result of the corrections so made being to reduce the percentage per annum of net revenue to average investment from 7.15% to 6.71% for said year 1921.

During the first two months of the year 1921, the rates charged in Louisiana by plaintiff were the rates and charges promulgated by the Postmaster General and approved by the Louisiana Railroad Commission in its order of September 3, 1919. Du-ing the last ten months of the year 1921, plaintiff charged the increased rates which were established by the orders of the Louisiana Railroad Commission, and of the Louisiana Public Service Commission, dated, respectively, February 26, 1921, April 1, 1921, and July 1, 1921; being the rates now charged by plaintiff in Louisiana.

The increased revenue received by plaintiff during the last ten months of said year from charging the schedule of rates approved by Order 2397 by defendant Commission amounted to $495,612.00. This sum is included in the revenue shown for 1921. Had plaintiff continued to charge during the last ten months of the year 1921 the lower rates which were in effect and charged by plaintiff during the first two months of the year 1921, plaintiff's net revenue during the year 1921 would have been $395,449.87, and its net operating revenue during said year would have been at the rate of 3.06% upon its average investment.

No interest charges are included in the foregoing statements.

The percentage of net return shown in the above statements is not a percentage upon the fair and reasonable value of the property, but is a percentage upon the average investment of the plaintiff's property used and useful in furnishing its service in the State of Louisiana during said periods. By "average investment" is meant the sum of the investment at the beginning and end of each period, divided by two, as to all of the items shown, with the exception of materials and supplies and cash working capital. These items increase and decrease materially from month to month, and the figure used is the average of the monthly averages for each period in question for such items.

The cash working capital shown in above statements is the actual amount of cash in Louisiana used in the conduct of the business therein, plus a proportion of the general funds of the Company assigned to Louisiana upon the basis of the investment in Louisiana to the total investment of the Company.

185 The materials and supplies assigned to Louisiana was ascertained in like manner.

All items of expense shown in the foregoing statements are figures taken from the books of the Company, being the actual amounts of money expended, except the item of depreciation expense. The amount of this item of depreciation expense in each of the above statements was ascertained by applying to the average investment in each class of depreciable property the rate of depreciation for each of

said classes of property, in accordance with the instructions of the Interstate Commerce Commission, as set out in the affidavit of J. E. Jagoe filed in this suit.

The revenue shown in the above statements was the total actual revenue earned by plaintiff from its business in the State of Louisiana.

The foregoing statements of revenue for the year ending July 31, 1920, and the four months ending November, 1920, and the year ending December 31, 1921, include the revenue received by plaintiff from its interstate toll business originating in Louisiana, the expense incurred in Louisiana in furnishing such service, and that part of its toll property in Louisiana used jointly in furnishing such interstate toll service. All of plaintiff's exchange business in Louisiana is exclusively intra-state.

Before the toll property used jointly in furnishing interstate and intrastate toll service, respectively, and the expenses and revenue connected with furnishing each such service can be separated on the basis of the use of said property, it will be necessary to make an appraisal of all the Company's property in Louisiana.

I have had experience in making separation of the interstate and intrastate toll business and expenses connected with each in several states to obtain the investment, expenses and revenue properly apportiond to said interstate and intrastate business, respectively; and in each such instance, the ratio of net operating return resulting from the furnishing of intrastate service exclusively has been less than the return from the combined intrastate and interstate business in any given tsate. Based upon my experience in making such separation, and my knowledge of the fact that the business in Louisiana is conducted in the same general way, and upon my knowledge of the operations in Louisiana, when all the property, expenses and revenue connected with the Company's entire interstate business in the State of Louisiana is excluded, the net operating return
186 from its exclusively intrastate business in said state will be less than the results shown above.

As of December 31, 1921, plaintiff owned property in the State of Louisiana used and useful in furnishing its exchange and toll service therein, the original cost of which was $13,595,410.24; as of April 30, 1922, plaintiff owned property in the State of Louisiana used and useful in furnishing its exchange and toll service therein, the original cost of which was $13,926,904.32.

As of April 30, 1922, plaintiff had actually expended in the construction of lines and facilities in the State of Louisiana, for the purpose of furnishing service therein, which construction was not at that time entirely complete, and, therefore, not included in the foregoing investment cost, the sum of $347,940.07, making a total of $14,274,844.39 having been expended as of April 30, 1922 for the construction of lines and facilities in the State of Louisiana used and useful in furnishing its service therein.

The average investment as shown by the foregoing statements are expenditures made exclusively for physical property, and include nothing for franchise value or other intangibles.

(Sd.) J. J. McTIERNAN.

Sworn to and subscribed before me this 8th day of June, 1922.

(Sd.) OTEY B. MITCHELL,
[SEAL.] *Notary Public, State at Large, Atlanta, Ga.*

My Commission Expires Nov. 21, 1925.

187 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION AND OTHERS, Defendants.

Affidavit of E. F. Brown.

STATE OF GEORGIA,
County of Fulton:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at large, E. F. Brown, who is personally known to me, and who being sworn deposes and says:

I reside at Atlanta, Georgia, and am Appraisal Engineer of the Cumberland Telephone & Telegraph Company and the Southern Bell Telephone and Telegraph Company.

I am an Electrical Engineer by profession, having been graduated from Clemson College after a four year course with the degree of Bachelor of Science in Electrical Engineering.

I have been in the employ of the said Companies for the past sixteen years, excepting a period of two years during which time I was in the Signal Corps of the United States Army and served in France; that during all of the said sixteen years, including the period in France, I have been engaged in the construction and maintenance of telephone lines, property and equipment.

I am thoroughly familiar with the kind and class of property used by the Cumberland Telephone & Telegraph Company in furnishing telephone service and with the necessary cost of constructing and maintaining such property.

I have just completed an inventory and appraisal of all the telephone lines and equipment of the Southern Bell Telephone and Telegraph Company in the State of Georgia, and the reproduction cost of said property in its present condition at this time, mak-
188 ing full allowance for depreciation in said property, and its value is in excess of the original cost or investment in said property.

I have practically completed the inventory and appraisal of the telephone lines and equipment of the Southern Bell Telephone and Telegraph Company in South Carolina, said work being ninety per cent completed. The reproduction cost of this property in its pres-

ent condition at this time, making full allowance for depreciation in said property, and its value will be in excess of the original cost, or investment in said property.

The telephone property of the Cumberland Telephone & Telegraph Company, including its lines and equipment, in the State of Louisiana, is of the same design, character and manufacture, and is maintained under the same specifications and instructions as is the property of the Southern Bell Telephone and Telegraph Company in Georgia and South Carolina. The costs entering into the reproduction of said Cumberland Company's property in Louisiana at this time are the same as the costs of reproduction of such property in Georgia and South Carolina.

Based upon my knowledge and experience in construction and maintenance of telephone property, and my knowledge of the costs of construction of such property at this time, the reproduction cost of said Company's property in Louisiana, in its present condition at this time, making full allowance for depreciation in said property, is in excess of, or greater than, the original cost, or investment in said property, as shown by the affidavit herein of J. J. McTiernan; and the fair and reasonable value of the said property owned by said Cumberland Telephone & Telegraph Company in Louisiana is at this time, in its present condition, greater than the original cost of, or investment in said property, as shown by said affidavit of J. J. McTiernan filed herein.

On the 15th day of May, 1922, I began the work of making an inventory and appraisal of the property of said Cumberland Telephone & Telegraph Company in the State of Louisiana, since which time said work has been continued with due diligence. At the present time, there is employed in this work a trained force of sixty-five competent and experienced; men; which force will be increased in the immediate future, and as fast as the work will permit.

(Sd.) ERNEST F. BROWN.

Sworn to and subscribed before me this 7th day of June, 1922.

(Sd.) OTEY B. MITCHELL,

[SEAL.] *Notary Public, State at Large, Atlanta, Ga.*

My Commission Expires Nov. 21, 1925.

189 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of George J. Yundt.

STATE OF GEORGIA,
County of Fulton:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at large, George J. Yundt, who is personally known to me, and who being sworn deposes and says:

I reside at Atlanta, Georgia, and am Vice-President of the Cumberland Telephone & Telegraph Company.

I am an Electrical Engineer by profession, having received the degree of Bachelor of Science of Electrical Engineering from the Pennsylvania State College. I have been continuously in the employ of the Southern Bell Telephone and Telegraph Company for more than twenty-two (22) years and in the employ of the Cumberland Telephone & Telegraph Company for more than ten (10) years.

For more than two years I have been Operating Vice-President for both of said companies, being in charge of the construction, maintenance and operation of the properties of said Companies: prior to said time, for a period of fourteen years, I was Chief Engineer of the Southern Bell Telephone and Telegraph Company, and for a period of eight years I was Chief Engineer of the Cumberland Telephone & Telegraph Company; in both of said capacities I was in intimate touch with and had personal knowledge of the construction, maintenance and operation of said properties in the State of Louisiana.

I am thoroughly familiar with the kind and class of properties used by the Cumberland Telephone & Telegraph Company in
190 furnishing telephone service in the State of Louisiana and with the necessary cost of constructing and maintaining such property and have an intimate knowledge of the condition of such property.

During the first part of 1921 I made an appraisal of all the telephone lines and equipment of the Cumberland Telephone & Telegraph Company in the States of Mississippi and Tennessee, and during the latter part of 1921 I began the making of an inventory and appraisal of all said property in both of said states, which inventory and appraisal is now complete, except for the tabulation of results in certain forms. Each appraisal showed that the reproduction cost of said property in its depreciated condition at the time of each ap-

praisal, including the present time, making full deductions for depreciation in said property, was in excess of the original cost, or investment in said property.

The telephone property of the Cumberland Telephone & Telegraph Company, including its lines and equipment, in the State of Louisiana, is of the same design, character and manufacture and is maintained under the same specifications and under the same conditions as is the property of said Company in the States of Mississippi and Tennessee. The costs entering into the reproduction of said Cumberland Telephone & Telegraph Company's properties in Louisiana at this time are the same as the costs of reproduction of such properties in the States of Mississippi and Tennessee.

Based upon my knowledge and experience of the construction, reconstruction and maintenance of telephone property and my knowledge of the cost of construction of such property at this time, the reproduction cost of said Cumberland Telephone & Telegraph Company's property in Louisiana, in its present condition at this time, making full allowance for depreciation of said property is in excess of and greater than the original cost of, or investment in said property, shown by the affidavit of J. J. McTiernan filed herein; and the fair and reasonable value of said Cumberland Telephone and Telegraph Company's property in Louisiana at this time, in its present condition, is greater than the said original cost or investment in said property as shown by said affidavit of J. J. McTiernan.

Taking into consideration the original cost of Plaintiff's property in Louisiana, shown in the affidavit of J. J. McTiernan filed herein, the cost of reproduction new of said property, and cost of reproduction of said property in its present condition, allowing for accrued depreciation in said property, at this time, and based upon
191 my experience in examining and appraising telephone properties and operations of Plaintiff and other telephone companies, the fair and reasonable value of Plaintiff's property used and useful in furnishing its intrastate telephone service exclusively in the State of Louisiana, in its present condition, is, at this time, in excess of Fifteen Million Dollars.

I am familiar with the telephone plant of said Cumberland Telephone & Telegraph Company in Louisiana, and same is of modern design, is efficiently operated and maintained and said Company furnishes adequate and efficient service to its existing patrons in said State.

(Signed) GEO. J. YUNDT.

Sworn to and subscribed before me this 8th day of June, 1921.

[SEAL.] (Signed) OTEY B. MITCHELL,
Notary Public, State at Large, Atlanta, Ga.

My Commission Expires Nov. 21, 1925.

192 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION AND OTHERS, Defendants.

Affidavit of O. J. Huie.

STATE OF GEORGIA,
County of Fulton, ss:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at large, O. J. Huie, who is personally known to me, and who being sworn deposes and says:

I reside at Atlanta, Georgia, and am Chief Engineer of the Cumberland Telephone & Telegraph Company.

I have been in the employ of said Company for ten years, during all of which time my work has had to do with the design, construction and maintenance of the plant and equipment of said Company in the State of Louisiana, and elsewhere.

During each and every one of said years it has been necessary to construct, and said Company has constructed, additions and extensions to its telephone plant in Louisiana in order to meet the demand for service. Toward the end of each year, it is necessary to determine the expected demand for the service for the ensuing year and to prepare plans and estimates and the cost of the work necessary to meet such demands for service, and furnish adequate and efficient service in said State.

A continuation of the same program in 1922 is necessary in order to continue to furnish adequate and efficient service to its patrons in Louisiana.

193 Plans formulated as of January 1st, 1922, for these purposes required the expenditures during that year of $1,519,000.00.

Additional demand and requirements developing since that date have since then necessitated increasing the amount to be so provided to $1,914,900.00.

I am familiar with the telephone plant of said Company in Louisiana, and the same is of modern design, is efficiently operated and maintained, and said Company furnishes adequate and efficient service to its existing patrons in said State.

(Sd.) O. J. HUIE.

Sworn to and subscribed before me this 7th day of June, 1922.

(Sd.) OTEY B. MITCHELL,
[SEAL.] *Notary Public, State at Large, Atlanta, Ga.*

My Commission Expires Nov. 21, 1925.

194 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION AND OTHERS, Defendants.

Affidavit of J. E. Jagoe.

STATE OF GEORGIA,
County of Fulton:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at large, J. E. Jagoe, who is personally known to me, and who being sworn deposes and says:

That I reside in Atlanta, Georgia, and am Assistant Vice-President of the Cumberland Telephone & Telegraph Company;

That I have been continuously in the telephone business and in the employ of the Cumberland Telephone & Telegraph Company for the past twenty-two years, during which time I have had to do with the construction, operation, maintenance and retirement of large telephone properties;

That the Cumberland Telephone & Telegraph Company owns and uses certain property necessary to the rendition of telephone service, which property is classified to the different following accounts as directed by the Interstate Commerce Commission:

212. Buildings.
221. Central Office Telephone Equipment.
222. Other Equipment of Central Offices.
231. Station Apparatus.
232. Subscribers' Station Installations.
233. Interior Block Wires.
234. Private Branch Exchanges.
195 235. Booths and Special Fittings.
241. Exchange Pole Lines.
242. Exchange Aerial Cable.
243. Exchange Aerial Wire.
244. Exchange Underground Conduit.
245. Exchange Submarine Cable.
251. Toll Pole Lines.
252. Toll Aerial Cable.
253. Toll Aerial Wire.
254. Toll Underground Conduit.
255. Toll Underground Cable.
256. Toll Submarine Cable.
261. Office Furniture and Fixtures.
262. General Shop Equipment.

263. General Store Equipment.
264. General Stable and Garage Equipment.
265. General Tools and Implements.

That this property is depreciable; that is, it is consumed in rendering telephone service. This consumption may be complete as in the case of a pole which has rotted to a point where it may not be used longer, or partial, as in the case of a cable, which, when no longer useful for telephone uses, contains metals which may be reformed into new cables or wires, and as in the case of a switchboard, which having outlived its usefulness in one location, is yet suitable for use in another.

That the definition of the Expense of Depreciation and the order that it be reckoned as an expense appears on page 67 of the Uniform System of Accounts for Telephone Companies as prescribed by the Interstate Commerce Commission as follows:

"23. Depreciation of Plant and Equipment.—Telephone companies should include in operating expenses depreciation charges for the purpose of creating proper and adequate reserves to cover the expenses of depreciation currently accruing in the tangible fixed capital. By expense of depreciation is meant—

(*a*) The losses suffered through the current lessening in value of tangible property from wear and tear (not covered by current repairs).

(*b*) Obsolescence or inadequacy resulting from age, physical change, or supersession by reason of new inventions and dis-
196 coveries, changes in popular demand, or public requirements, and

(*c*) Losses suffered through destruction of property by extraordinary casualties.

The amount charged as expense of depreciation should be based upon rules determined by the accounting company. Such rules may be derived from a consideration of the company's history and experience. Companies should be prepared to furnish the Commission, upon demand, the rules and a sworn statement of the facts, expert opinions, and estimates upon which they are based.

The Estimate for depreciation of physical property should take into account—

(*a*) The gradual deterioration and ultimate retirement of units of property which may be satisfactorily individualized, such as buildings, machines, valuable instruments, etc., to the end that by the time such units of property go out of service there shall have been accumulated a reserve equal to the original money cost of such property plus expenses incident to retirement less the value of any salvage.

(*b*) The depreciation accruing in property which can not be readily individualized, such as pole lines, wires, cables, or other continuous structures, where expenditures for repairs or replacements

of individual parts ordinarily are not actually made until the later years of the life in service of such property, and when made may, therefore, be classed as extraordinary repairs.

The rate of depreciation should be fixed so as to distribute, as nearly as may be, evenly throughout the life of the depreciating property the burden of repairs and the cost of capital consumed in operations during a given month or year, and should be based upon the average life of the units comprised in the respective classes of property."

197 That the Cumberland Telephone & Telegraph Company has complied with the Order of the Interstate Commerce Commission quoted above.

That upon the termination of Federal possession and operation of Plaintiff's property on August 1, 1919, Plaintiff put into effect the rates of depreciation shown below, and these rates have been continued in effect up to this time:

Annual Depreciation Rates in Effect Since August 1, 1919.

212.	Buildings	2.5%
	Cable, Aerial:	
242.	Exchange	6.8%
252.	Toll	6.8%
	Cable, Underground:	
245.	Exchange	3.5%
255.	Toll	3.5%
	Cable, Submarine:	
246.	Exchange	12.5%
256.	Toll	12.5%
221.	Central Office Equipment	7. %
222.	Other Equipment of C. O.	10. %
	Conduit, Underground:	
244.	Exchange	2.6%
254.	Toll	2.6%
261.	Office Furniture and Fixtures	10. %
	Pole Lines:	
241.	Exchange	10. %
251.	Toll	6.3%
207.	Right of Way:	
	Exchange	0
	Toll	0

Station Equipment:

231. Station Apparatus	8. %
232. Station Installations	0
233. Interior Block Wires	0
234. Private Branch Exchanges	8. %
235. Booths & Spl. Fittings	8. %
264. General Stable & Garage Equipment	24. %
265. General Tools & Implements	24. %

Wire, Aerial:

243. Exchange	10.9%
253. Toll	3.4%

198 Applying the foregoing percentages to the different classes of plant in service during any given year gives the amount of the expense of depreciation incurred during that year.

That under the regulations of the Interstate Commerce Commission said Company is required to file an annual report as of December 31st, showing among other things, the expense of depreciation charged during the year and that such expense of depreciation so charged for each year has been so filed.

That the amendment to Paragraph 5 of Section 20 of the Interstate Commerce Act, made by Section 435 of the Transportation Act, 1920, became effective on February 28th, 1920, and that in the exercise of the authority vested in the Interstate Commerce Commission by said amendment to the Interstate Commerce Act, on March 18, 1920, it issued the following order:

"Interstate Commerce Commission,

Washington.

March 10, 1920.

"To all carriers concerned:

"Section 435 of the Transportation Act, 1920, contains the following provision:

"The Commission shall, as soon as practicable, prescribe for carriers subject to this Act, the classes of property for which depreciation charges may properly be included under operating expenses, and the percentages of depreciation which shall be charged with respect to each of such classes of property, classifying the carriers as it may deem proper for this purpose. The Commission may, when it deems necessary, modify the classes and percentages so prescribed. The carriers subject to this Act shall not charge to operating expenses any depreciation charges on classes of property other than those prescribed by the Commission, or charge with respect to any class of property a percentage of depreciation other than that

prescribed therefor by the Commission. No such carrier shall in any case include in any form under its operating or other expenses any depreciation or other charge or expenditure included elsewhere as a depreciation charge or otherwise under its operating or other expenses.'

"Information received by the Commission indicates the existence of doubt as to the propriety of carriers making any charges to operating expenses with respect to depreciation prior to such time as the Commission shall prescribe the specific percentages of depreciation which shall be charged.

"The purpose of this circular is to dispel any such doubt as may exist in the minds of accounting officers.

"Until the Commission shall otherwise order, all carriers subject to the Act to regulate commerce shall continue to observe the requirements respecting the accounting for depreciation which are embodied in the effective accounting classifications prescribed by the Commission for the respective classes of carriers.

GEORGE B. McGINTY,
Secretary."

That the said Interstate Commerce Commission has not since March 18th, 1920, issued any further order changing the rates of depreciation to be charged by plaintiff, or prescribing any other rates than those set forth above.

That the said Interstate Commerce Commission is now engaged on a comprehensive study of the element rates of depreciation, utilizing therefor data furnished by Plaintiff upon demand of said Interstate Commerce Commission, together with data secured by it from other sources, for determining what changes, if any, they will cause to be made by this Company in the existing element rates in effect set forth above.

That the composite rate resulting from the application of the above specified rates to said Company's depreciable property in Louisiana was 6.071% for the year 1920 and 6.098% for the year 1921.

That I have made a comprehensive study of the experience of the Cumberland Telephone & Telegraph Company as shown by its records and find that the average service life or its property has been 15.7 years and that, making due allowance for cost of dismantling and the value of salvage, the composite rate of depreciation which would "Distribute as nearly as may be, evenly throughout the life of the depreciating property the burden of repairs and the cost of property consumed in operations during a given year" as prescribed by the Interstate Commerce Commission has been for the past 15.7 years 6.53%.

That applying the aforesaid element rates of depreciation to the entire property of said Company, and applying the same element rates of depreciation to the property of the Company located in Louisiana, the amounts to be set aside and credited to the reserve for depreciation will necessarily vary, depending upon

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the relative amount of the different classes and kinds of property owned by the Company throughout its entire territory composing the States of Kentucky, Tennessee, Louisiana and Mississippi, and the kinds and classes of property of the Company owned in the State of Louisiana, respectively; and for the same reason, the composite rate of depreciation will also be different.

That the composite rate obtained by applying the same element rates of depreciation upon the property in a given state, or other given area, will vary during different years, depending upon the relative amount of the different classes of property, whether short lived or long lived.

That if no more than the exactly correct amount be set aside and credited to this reserve each year, there will normally be a balance in this reserve, because,

(*a*) The maturing of depreciation and consequent replacements are ordinarily not as rapid during the first years of the service life of the plant as during the latter years, while the credits to this reserve are constant from the time the plant is placed in service. Replacements can only be made from time to time as the different kinds of property in the plant reach the end of their service lives; and

(*b*) Each and every year the investment is increased by the construction of additions and extensions, so that there is at all times a part of the plant that has not lived its full service life.

That the annual credits to this reserve are based upon the service life of the plant and its original cost; replacements made during any year are of those parts of the plant whose service life ends during that particular year. To illustrate: Assuming a ten-year service life, that part of the plant constructed in 1900 will be replaced during 1910; and that part of the plant constructed during 1910 will be replaced during 1920; likewise in 1930, and subsequent years;

That the annual credits to this reserve from earnings in 1910 will be upon the original cost of the plant in service at that time; likewise in 1920, and subsequent years;

That in a growing telephone plant, the replacements made in a given year have no relation to the amounts credited to this reserve during that year;

201 That the uniform system of accounts of telephone companies prescribed by the Interstate Commerce Commission when first issued and made effective on January 1, 1913, applied alone to Class A and Class B companies. The Cumberland Telephone and Telegraph Company was and is comprised in Class A;

That it was provided in these instructions that there should be deducted from said companies' investment the amount of the unexpended balance of the reserve. Later, however, the said Interstate Commerce Commission, recognizing that the reserve for depreciation is in fact a liability and not a proper deduction from investment, changed the method of accounting and provided reports to

be made by said companies showing the depreciation reserve as a liability and not as a deduction from investment;

That at subsequent times the said Interstate Commerce Commission issued instructions to Class C telephone companies, telegraph companies and steam railroad companies, to show the depreciation reserve as a liability and not as a deduction from investment or fixed capital;

That said Company's reserve for depreciation is, as a matter of fact, a liability, and is, since said instructions of the Interstate Commerce Commission, carried in said Company's accounts as a liability;

That said Cumberland Company uses a part of the unexpended balance in depreciation reserve not immediately necessary for replacements, in constructing extensions and additions to its plant in Louisiana and elsewhere; but that no part of its plant in Louisiana, or elsewhere, so constructed and paid for, is capitalized, or added to its capital upon which dividends are paid;

That no part of the money raised to pay for depreciation is or was added to capital upon which a return was to be made to stockholders in the way of dividends for the future, nor has the Company raised more than money enough for the purpose and placed the balance to the credit of capital upon which to pay dividends;

That the Company has never paid dividends except those upon the actual capital stock paid for at par by the stockholders.

J. E. JAGOE.

Sworn to and subscribed before me this 6th day of June, 1922.

[SEAL.] OTEY B. MITCHELL,
Notary Public, State at Large, Atlanta, Ga.

My Commission Expires Nov. 21, 1925.

202 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of George J. Yundt.

STATE OF GEORGIA,
County of Fulton, ss:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at Large, George J. Yundt, who is personally known to me, and who being sworn deposes and says:

I reside at Atlanta, Georgia, and am Vice-President of the Cumberland Telephone & Telegraph Company, and am the same George J. Yundt who made two other affidavits filed in this cause.

The following statement gives the actual average monthly pay of executive officers of said Cumberland Company charged to Louisiana during 1921, and now, and for the employees in Louisiana in the Commercial Department, Traffic Department and Plant Department (not including unskilled labor in the Plant Department) as the last available date for 1922, as shown in said statement:

Executive Officers.

President	$329.10
First Vice President & Treasurer	263.28
Vice President & Counsel	263.28
Vice President	197.46
Vice President	131.64
General Solicitor	174.42
General Auditor	157.97
Chairman & Board of Directors	192.02
Secretary & Assistant Treasurer	86.88
Chief Engineer	68.99

203 Employees.

	December, 1921.	May, 1922.
Commercial forces:		
Average pay per month	$112.28	$117.83
		April, 1922.
Traffic forces:		
Average pay per month	55.41	55.84
		May, 1922.
Plant forces:		
Skilled workers for maintenance and construction work, average pay per month	122.83	119.87

Of all the operating salaries and wages paid in Louisiana, more than sixty per cent are paid women in the traffic forces for operators' salaries and wages.

The average wage paid today is $55.84, this being for the month of April, 1922. The amount paid at this time for operators cannot be reduced at this time, nor as far as now can be seen in the future.

The next largest element of operating wages, approximately one-quarter of the total wage bill, is that of the men in the Plant Department. The average wage of the skilled employees in Louisiana in this Department is, for the month of May, 1922, $119.87.

These wages, compared with the wages paid in Louisiana in other industries and trades requiring the same degree of skill and experience, are low. Other industries employing men in equivalent work pay wages twenty to thirty per cent higher than now being paid by the Telephone Company, so that any general reductions of wages would not bring the corresponding reduction in the pay to the skilled telephone workers.

Commercial and clerical forces represent a small part of the total wage bill, and the wages now paid by this Company in Louisiana are as low as could be made for the required grade of employee.

Unskilled labor forms a negligible amount of the Company's wage bill in Louisiana, and the Company pays for such unskilled labor the going wage.

204 Since 1920, there has been a reduction, amounting to approximately 30 per cent in the composite prices of all telephone materials necessarily used in operating the property in furnishing service. The cost of all such materials used in operating and currently maintaining the property in furnishing the service constitutes less than 3½% of the total expenses of furnishing telephone service, considering rents and uncollectibles as expenses. Should there be an equally great reduction in the cost of materials, bringing their composite price to pre-war cost, the effect upon expenses of such reduction in the cost of materials would be not over three-tenths of one per cent upon the investment.

Since Dec. 31, 1921, the composite price of all telephone material has remained practically constant, there being at this time an upward tendency, particularly in cable and copper wire.

In the construction of the property and the providing of the plant the material used is a large factor, being approximately sixty per cent of the total cost of the completed property.

The amount of materials necessary to the construction of a telephone plant are not to be confused with the amount of materials used in the operating and current maintenance of a plant and furnishing service therewith, as the materials used in constructing the property affect the investment.

In the opinion of the Louisiana Public Service Commission, given out on May 13, 1922, in re Order No. 40, the Commission stated:

"The defendant insists that the property should hereafter allow a further depreciation reserve fund of six per cent per annum. This is higher than what has been allowed by many states, and it is not denied that petitioner's parent concern, the American Telephone & Telegraph Company, has recently conceded that such depreciation charge should be reduced. From a study of the present record, the evidence on this question is very incomplete and confused. There being no dispute of the testimony given by defendant, this allowance for future depreciation reserve fund should be decreased to at least five per cent, if not more; and if such were done, there would be stricken from allowances claimed by the petitioner a further sum of $100,000.00." (See page 107, printed Bill of Complaint and Exhibits.)

The foregoing quoted statement from the Commission's opinion is not correct.

205 I testified at all the hearings had before the Louisiana Public Service Commission, and its predecessor, the Louisiana Railroad Commission of Louisiana, and I did not, nor did any witness for Cumberland Co., or any official or employee of said Company, then or since, concede, or state, that the depreciation rates should be reduced, or that it should be reduced to five per cent.

No official or employee of the American Telephone & Telegraph Company testified at any time before this Commission, nor did any official or employee of the American Telephone & Telegraph Company at any time, then, or since, state, or concede, that the depreciation rates of this Company in Louisiana, or elsewhere, should be reduced, or should be reduced to five per cent.

The American Telephone & Telegraph Company has not at any time instructed, or directed, the Cumberland Company what rates of depreciation was proper to be employed in Louisiana, or elsewhere.

The item of depreciation expense shown in the statements contained in paragraphs XIV and XV of the Bill of Complaint herein were obtained by applying to the average investment in each class of property the rates of depreciation for each of such classes of property shown in the affidavit of J. E. Jagoe filed in this suit.

When testifying before the Commission at the hearing held on Feb. 23, 1921 (Pages 89, 90 and 91, Stenographer's Minutes), I applied to the Cumberland Company's property in Louisiana the rates of depreciation for each of said classes of property the rates of depreciation employed by the New York Telephone Company, and found that by using the rates of depreciation of the latter company, it would result in a larger amount of money to be set aside for the expense of depreciation for the year ending July 31, 1921, than resulted from the use of the depreciation rates of the Cumberland Company shown in said Jagoe's affidavit.

(Sd.) GEO. J. YUNDT.

Sworn to and subscribed before me this *this* 12th day of June, 1922.

(Sd.) OTEY B. MITCHELL,

[SEAL.] *Notary Public, State at Large, Atlanta, Ga.*

My Commission Expires Nov. 21, 1925.

206 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of J. M. B. Hoxsey.

Affidavit in Support of Allegations in Plaintiff's Bill of Complaint.

STATE OF GEORGIA,
County of Fulton:

Personally appeared before me, the undersigned, this the 9th day of June, 1922, J. M. B. Hoxsey to me personally known who, first being duly sworn; deposes and says:

I reside at Atlanta, Georgia, and am the First Vice President of the Cumberland Telephone & Telegraph Company. I am familiar with the affairs and business of said Company and have personal knowledge of the same in the usual course of my duties as an officer of said company and have knowledge of the matters and things hereinafter deposed to.

I have been actively engaged in business life for 38 years and in the telephone business for the last 29 years. In the course of said experience it has been, and still is, my duty to make studies and analyses of the operations of the company for the use of said company in the conduct of its business and for the introduction of all available economies. It is, and for many years has been, among my duties to make a forecast of the earnings and expenses of said company for the following year as a basis for the annual expenditures proposed and such estimates and forecasts have been uniformly correct within narrow limits.

207 I am the Treasurer of said company and one of its Directors and have general charge of its financial affairs.

The Cumberland Telephone & Telegraph Company is incorporated under the laws of Kentucky for the purpose of doing a general telephone business. It is qualified to do, and is actually doing, such business in the states of Louisiana, Tennessee, Mississippi and Kentucky. Said Company is now, and for many years past has been, continuously engaged in a general telephone business throughout the whole state of Louisiana, rendering both exchange and toll service over its own lines and by and through connections with other companies operating in said state.

Said company owns and operates approximately 95 telephone exchanges in said state with approximately 74,600 telephone stations owned by it connected with them. Its toll pole line mileage

is approximately 2,831 miles in said state, and by its lines in Kentucky, Mississippi and Tennessee and through the lines of its connecting companies in other states, it furnishes telephone service to its patrons in Louisiana to and from practically every point in every other state in the Union, this feature of comprehensiveness in the service adding greatly to the value thereof to its subscribers in the state of Louisiana.

I testified at a hearing in the matter of increase in rates of said company before the Railroad Commission of Louisiana upon December 15, 16 and 17, 1920, and at subsequent hearings before said Commission on said matter. As an official of said company it was my duty to be and I was familiar with its operations in said state and the result thereof, and in addition to this familiarity previously existing, I carefully studied and familiarized myself with all available and pertinent facts in regard to the operations of said company within said state.

I know of my own knowledge and as a matter of fact that the rates in force at the time of said hearings were unreasonable, unjust and unremunerative rates which did not return to the Cumberland Company a reasonable return for the service rendered or a just and reasonable return on the fair and reasonable value of its property within the state of Louisiana used and useful in the furnishing of the service required.

Such rates deprived the Cumberland Company of its property within the state of Louisiana and of the use thereof without compensation being previously made.

All of the exchange service furnished in Louisiana is in-
208 tra-state service and all of its property and facilities with which said exchange service is furnished is used and useful in furnishing intrastate service within said state. The toll business of the Cumberland Company in Louisiana is partly intrastate and partly interstate and its property and facilities within said state which are used and useful in furnishing toll service are used jointly in furnishing intrastate and interstate toll service.

The greater part of the Cumberland Company's toll business in the state of Louisiana is intrastate in character and the greater part of its property and facilities used in furnishing said toll service and conducting its toll business is used in furnishing intrastate toll service. An exact separation of the value of the property used for furnishing intrastate and interstate service cannot be made without an inventory and appraisal of the property, but based upon such separations which have been made in other states with which I am familiar, under methods which in my opinion are sound, fair and reasonable methods, and based further upon my knowledge of the total investment in exchange property and toll property separately and of the respective volume of intrastate and interstate toll business, I am prepared to state, and do state, that based upon the use made of said company's exchange and toll property, approximately 89 per cent. of its total property is used in furnishing exclusively intrastate service and approximately 11 per cent. of its total property is used in furnishing exclusively interstate service.

Large sums of money are required in the year 1922 and in each and every year in order to meet the demand for service in Louisiana and to enable the Cumberland Company to continue to give efficient and adequate telephone service therein. The said company is not in possession of the funds necessary to meet its expenditures for those purposes during the remainder of the year 1922 nor thereafter, and it has no means of securing the necessary funds for those purposes should the lower rates and charges prescribed by the order of the Public Service Commission of Louisiana of May 13, 1922 be placed in force and made effective, for the reason that such rates are confiscatory of its property and would so impair the company's credit that it would be unable to obtain funds for investment in Louisiana.

Even if said Cumberland Company should be in possession of funds fully adequate to meet its necessary extension and additions in Louisiana and to maintain its facilities and service unimpaired, it would be unwise and a breach of faith on the part of its officers to its stockholders were they to invest such funds in such property under such prescribed schedule of rates.

209 Should, therefore, the order of May 13, 1922 become effective, the company will be unable to maintain its service unimpaired or to furnish adequate and efficient service to the public, and from the impairment of service the company will suffer damage to its property and great financial loss.

If said order be enforced, the company will be compelled, if it is able to do so at all, to provide said facilities and service at a rate which will not yield to it a fair return upon its property used and useful in the rendition of such service, all of which will result in the confiscation of its property in the state of Louisiana devoted to public use and will deprive it of its property.

I have seen considerable portions of the property of the Cumberland Company in the state of Louisiana and am familiar with the actual cost thereof; I have seen and studied recent inventories and appraisals of property elsewhere which property was built under circumstances fully comparable with the building and construction of the property of the Cumberland Company in the state of Louisiana and which appraisals duly allow for the existing accrued depreciation upon such property and I have bought and sold many large parcels of telephone property and am familiar with values of telephone property.

Taking due account of these things, of the earnings of the property under the just and reasonable rates now in force and of all other pertinent facts known to me, I state that the value of said property exclusively used and useful in furnishing intrastate telephone service in the state of Louisiana is at this time in excess of $15,000,000.00.

A fair and reasonable return upon the fair and reasonable value of the property of plaintiff in Louisiana devoted to intrastate service is not less than eight per cent.

The rates and charges sought to be imposed upon plaintiff by

the provisions of the Order of the defendant Commission No. 40, entered May 13, 1922, are so low, unreasonable and inadequate that they will not, and cannot be made to yield to plaintiff a fair and reasonable return upon the fair and reasonable value of its property used and useful in furnishing its service in the state of Louisiana, and if said rates are enforced and plaintiff be required to charge the same its property will be confiscated and taken.

No additional profits from an increased volume of exchange business can be expected during the year 1922, nor at any reason-
210 able time thereafter, because of the fact that each additional telephone station added requires an additional investment; and such investment made at the present cost of construction would be at a higher figure per telephone station than the present average of such investment, and because of the increased expense of operation necessarily attached thereto.

The amount involved in this suit is more than $3,000.00, exclusive of interest and costs.

The nature of the business of plaintiff is such that it is necessary for it to collect its revenues monthly. Its charges against its patrons consist of monthly small charges to its respective patrons, aggregating more than seventy-four thousand in Louisiana, and if it should be necessary to bring suits for the collection of its rates and charges, either in whole or in part, the cost and expense in each suit would ordinarily exceed the amount of the bill due, or claimed to be due by the subscriber to the company so that if not collected when payable they will be lost.

It would be impossible for plaintiff to collect the rates and charges set out in Exhibit "E" attached to the Bill of Complaint in this cause and now being charged, without the protection of a decree of this Court; and the said Company has no complete and adequate remedy at law by which said collections could be made or relief obtained in the situation that confronts it.

The only method by which said company could collect said rates and charges for both exchange and inter-exchange service would be by a discontinuance of its service to those who refuse to pay such rates and charges therefor, in which event the subscribers and patrons of the company who are discontinued will bring many suits for damages and suits to require said company to furnish said service at the rates fixed by the said Order No. 40 of defendant Commission, and in all of which suits there would be involved the same questions which are involved in this case, and plaintiff would be involved in a multiplicity of suits with its many thousand patrons in Louisiana.

If said company should, without the protection of this Court, attempt to charge any rates other than those prescribed by said Order No. 40 of defendant Commission entered May 13, 1922, the said Commission would inflict upon said company, its officers and agents the penalties prescribed by the Statutes of Louisiana for the violation of orders of said Commission, which penalties are excessive and

numerous, and being enforced, would exceed the value of the
211 property of plaintiff in Louisiana, and would destroy the business and confiscate the property of said company.

If said Order No. 40 of defendant Commission is enforced during these proceedings and it is finally adjudicated that rates prescribed thereby are confiscatory, no relief will be afforded to it as to the loss sustained from the date said Order became effective until the date of the final decree in this cause, as it will be impracticable by any known means to collect the revenue that it would fail to receive during said period, and plaintiff will be irreparably damaged and its property confiscated.

Plaintiff is dissatisfied with the said Order No. 40 of defendant Commission and the schedule or tariff of rates and charges sought to be imposed upon plaintiff by said Order, because said rates and charges, and said Order, are unjust and unreasonable, and if enforced would take and confiscate plaintiff's property.

(Sd.) J. M. B. HOXSEY.

Sworn to and subscribed before me this 9th day of June, 1922.

(Sd.) OTEY B. MITCHELL,

[SEAL.] *Notary Public, State at Large, Atlanta, Ga.*

My Commission Expires Nov. 21, 1925.

212 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION AND OTHERS, Defendants.

Affidavit of J. M. B. Hoxsey.

Affidavit in Refutation of Statements in Opinion of Louisiana Public Service Commission Dated May 13, 1922, in this Matter.

STATE OF GEORGIA,
County of Fulton:

Personally appeared before me the undersigned, this the 12th day of June, 1922, J. M. B. Hoxsey, to me personally known, who being first duly sworn, deposes and says:

I reside at Atlanta, Georgia, and am the First Vice President of the Cumberland Telephone & Telegraph Company. I am familiar with the affairs and business of said Company and have personal knowledge of the same in the usual course of my duties as an officer of said Company, and have knowledge of the matters and things hereinafter deposed to.

I have read the Opinion as to Rehearing rendered by the Louisiana Public Service Commission, No. 40, Docket 3052, dated May 13, 1922. On page 8 of the printed copy of said Opinion reference is made to Exhibit No. 8 introduced by me at a hearing held before the Railroad Commission of Louisiana upon December 15, 16 and 17, 1920, which exhibit was a forecast showing that the Company must prepare to pay increased wages. Said Opinion states that the record shows that by February 20, 1921, such forecast was erroneous in that wages had decreased.

The statement thus made in the Opinion is not correct. The exhibit referred to forecast increases in wages over those in
213 effect on June 30, 1920 to become effective prior to the end of the year 1921, amounting to $257,401.00.

Within the period above stated it was necessary to grant increases to employees upon the Louisiana payroll, and said increases were granted, amounting to $337,987.32 annually in order that said employees might be retained in the service of the Company and paid fair living wages in accordance with their ability and experience in the business, to the end that efficient telephone service might be rendered in the State of Louisiana.

Said forecast of increases to be made in wages was thus less than the actual increases made. There has been no reduction since in said wages, with the possible exception of casual unskilled labor, which forms an almost negligible proportion of the total labor employed. No further decrease is advisable in wages in Louisiana on the part of the Cumberland Telephone & Telegraph Company so far as can be now foreseen, for the future.

Reference is made upon page 8 of said Opinion to Exhibit 18 introduced by me at said hearing. This Exhibit was a list of all eight per cent. stocks other than preferred and railroad stocks dealt in on the New York Stock Exchange for the week ending September 25, 1920, with the closing price as of that date, together with the earnings per share on said stocks for the year 1919, both prices and earnings being on the basis of $100. shares. Said exhibit showed further that the average market price of said 8% stocks was $100.37 per $100. share and that the ratio of the average earnings to the average price of said stocks was 15.63%. The conclusion which was drawn from this Exhibit by me was that to the extent that the earnings in 1919 were being continued in 1920, investors in unguaranteed securities representing ownership in enterprises were demanding and securing 15.63% upon their investment.

Since the aforesaid exhibit was introduced by me there has been a decrease in returns demanded by investors and a decrease in earnings of many corporations. I have accordingly prepared a table, copy of which is hereto annexed and marked "Exhibit A" and made a part hereof as fully as though written herein, which is a list of all dividend paying stocks other than preferred, guaranteed and railroad stocks dealt in on the New York Stock Exchange for the week ending May 20, 1922, with the closing prices as of May 20, 1922, and their earnings per share for the latest reported date available to me.

The closing price of the aforesaid stocks were taken by me from the edition of The Annalist dated May 22, 1922. The
214 earnings on such of the stocks as were industrial stocks were taken from Moody's Rating Book for the year 1922; and for such of the stocks as were public utilities said earnings were taken from Moody's Rating Book for the year 1921, no rating book having been published as yet for the year 1922. Both The Annalist and Moody's Rating Books are regarded in the business world as standard authority.

Generally speaking, the earnings upon the utilities as shown upon Exhibit A attached hereto are for the year 1920, and, with but few exceptions, the earnings upon the industrials are for the year 1921 or for a fiscal year ending during 1921 or 1922.

There are 109 stocks listed in said Exhibit A, of which the earnings of 21 are for the year 1920 and the earnings of 88 are for a later period—generally for the calendar year 1921.

This tabulation shows that the purchase of one share of stock in each of the corporations listed thereon would have cost the purchaser, at the market price of May 20, 1922, $8,491.12 and that the latest reported earnings upon one share of the common stock in each of said companies would have amounted to $732.45, or a return upon the investment, including the stockholders' equity in undivided profits, of 8.62%.

The year 1921 was a disastrous business year and the prices of the securities listed upon Exhibit A hereto were much lower at the end of that year than they were upon May 20, 1922. During the year 1921 a large number of the corporations listed upon said Exhibit A made drastic inventory adjustments and other entries materially reducing their earnings from operation, which inventory adjustments have been duly deducted from the profits which would otherwise have been secured before arriving at the profits per share shown upon said Exhibit A.

The rise in the price of securities since the end of 1921 reflects the fact that no more such inventory adjustments are expected during the current year, and is further occasioned by actual and expected better earnings in 1922 than in 1921; so that it is a fact that 8.62% upon the investment, including therein the stockholders' equity in undivided current earnings, represents a figure materially less than is being demanded and rec-ived by investors today.

I have been in active business life for over 38 years and have been an attentive student of economic subjects for more than 20 years. In my opinion, the number of stocks listed is suffi-
215 cient to represent a fair average, and the conclusions drawn from the aforesaid tabulation are sound and warranted by the facts.

The return demanded and received by investors upon the investment in the ownership of property operated for the public use and subject to the risks thereof is and must necessarily be materially higher than the return which can be obtained on sound secured loans, for the reasons that there is a risk attached to such investment representing ownership from which sound, secured loans are

free; that through such ownership a service is rendered to the public upon which a profit is proper and reasonable; and because there would be no incentive to investors to borrow money and take all of the risks attendant upon its utilization in business if their earnings thereon were confined to the interest charges which they must pay to others upon such borrowed money.

Upon page 13 of said Opinion there is a reference to the report for taxation of the property of the Cumberland Company in Louisiana for the year 1920.

The Tax Department of the Cumberland Telephone & Telegraph Company has either been handled directly by me or by officials reporting to me, since 1913. For a number of years past the Board of State Affairs of the state of Louisiana have been duly advised of the costs of the property of the Cumberland Company returned to them for taxation coincidently with reports made by me or under my direction of the figure at which, in view of said costs and of all other circumstances, I thought such property should be assessed. The cost figures so reported by me to the State Board of Affairs are the same cost figures entering into the Average Investment as testified to by me in this case and shown in affidavit of Mr. McTiernan filed herein.

On page 14 of said Opinion I am quoted as saying:

"When any of this reserve fund was used, supplies, if purchased, were not charged as an asset."

I have carefully read the record of my testimony at both hearings in this case before said Railroad Commission, and I cannot find therein either the language attributed to me or any statement conveying a similar meaning. If such a statement is attributed to me in such record it is the result of a stenographic or typographical error, as such statement is not in accord with the facts and was not made by me.

The operation of the Reserve for Depreciation is as follows:

216 When property reaches the limit of its serviceable life and is dismantled the cost thereof is taken out of the Investment Account representing Plant in Service; and correspondingly, a similar amount is charged against the Reserve for Depreciation, thereby diminishing both the asset accounts combined under the general head of "Plant in Service" and the liability account known as "Reserve for Depreciation."

The cost of dismantling said property is also charged against the Reserve for Depreciation, thereby further diminishing it. Such salvage value as may pertain to such property so dismantled, either for re-use or for sale as junk, is, upon completion of the necessary transactions, credited to said Reserve for Depreciation and charged against "Plant Account" if put back into plant, or against "Cash" if sold for junk.

When property is constructed, whether it be to replace plant theretofore dismantled or whether it be new additions to the property, the cost of such replacement or addition is charged to the proper plant account; in the instance where such construction represents

replacements, the Plant Account having been previously credited, as above stated, for plant dismantled.

The Cumberland Telephone & Telegraph Company has no cash repesenting the Reserve for Depreciation other than a proportionate amount of the current month's collections; all of its funds, from whatever source derived, after payment of expenses, being invested in property which is not capitalized or else maintained as current working assets from month to month.

The statement made upon page 14 of said Opinion and repeated upon page 15 thereof to the effect that the Cumberland Company has a depreciation reserve fund of approximately $2,000,000. on hand in cash is incorrect. It has not now, nor has it had since January 1st, 1912, when I first became connected with the company, on hand such a sum, whether representing the Louisiana proportion of the Depreciation Reserve, or funds from any other sources whatsoever. Its total Cash on Hand as of June 7, 1922, was $735,259.73, which amount was less than its unpaid, and due current liabilities on that date, which amounted to $873,234.54.

Said Opinion as to rehearing charges, upon page 19 thereof, that the operating expenses of the Cumberland Company as a whole for the year ending December 31, 1915, exclusive of depreciation, were $3,948,880.22; the operating expenses in question being ap-
217 parently accounts so defined by the Interstate Commerce Commission which accounts do not include as operating expenses, but as deductions from income or otherwise, such items as Uncollectible Operating Revenue, Taxes, Rentals, and Miscellaneous Deductions from Income. If the apparent intention was the real intention, there is an error—typographical or otherwise—of $8,000. in said figure, the true figure being $3,940,880.22.

Said Opinion shows that for the Company as a whole the item of Operating Expenses, exclusive of Depreciation, increased 111.53% in the year ending July 31, 1920 over the year 1915, which percentage is correct.

Said Opinion further shows that the corresponding item for the State of Louisiana for the year 1915 was $926,954.30 and for the year ending July 31, 1920 was $2,546,432.53, or an increase in Louisiana of 165%.

The figures as quoted in said Oponion for the State of Louisiana are incorrect, the correct figure of Operating Expenses, exclusive of depreciation, used comparatively with that for the Company as a whole for the year 1915 being $963,663.54 instead of $926,954.30; and for the year ending July 31, 1920 the correct figure is $2,443,-920.42 instead of $2,546,432.54 as stated; these corrections making the percentage of increase in such expense in Louisiana 153.6% instead of 165%.

This calculation, even if correctly made mathematically, wholly neglects the factor of the growth in business. Between the year ending December 31, 1915 and the year ending July 31, 1920 the average number of telephone stations in Louisiana increased 31.96%; whereas between the same periods for the Company as a whole the average number of stations increased only 20.14%, the

percentage of increase in Louisiana having been nearly 60% greater than that for the Company as a whole.

The fact that expenses in Louisiana have increased more rapidly than for the rest of the territory is thus explained by the fact that its volume of business has increased more rapidly and the addition to the Company's earnings in Louisiana in the sum of $500,559. based thereon in the aforesaid Opinion, or any part thereof, as stated upon page 20 of said Opinion, is unwarranted by the facts upon which it was predicated, for the reason that said facts were erroneously stated and an essential factor in connection therewith was, as stated, wholly ignored.

Upon page 20 of said Opinion it is stated that the Cum-
218 berland Company buys all of its materials from the Western Electric Company. This statement is not correct. While the Cumberland Company does buy a very large proportion of all its supplies from the Western Electric Company, it does not buy by any means all of them from said Company, nor is it obliged by its contractual relations therewith to buy any of them from said Company.

Upon page 21 of said Opinion appear the words:

"We see no objection to the petitioner making its purchases in the manner which it does, but for the petitioner to contend that the prices on commodities which it uses cannot be lowered to any reasonable extent after the prices for other constructed or manufactured commodities are lowered will be contrary to business principles."

It is a fact that during the period of high prices the Western Electric Company did not increase its prices to the Cumberland and other Associated Companies as much as it and other manufacturnig and supply companies increased their prices to non-contract customers and that, therefore, not having reached the same heights in prices, the drop therefrom to present levels is not so great nor so large a percentage as would be the case had prices to the Cumberland Company been increased as were prices to non-contract customers.

Since 1914 there have been only two general increases in telephone rates in Louisiana, one of which was made in 1919 and the other in 1921. The cumulative effect of the increases thus made amounted to 30.69%.

Expenses have increased at a much greater rate and, for reasons hereinafter stated, cannot be expected to decline materially in the near future excepting as more efficient methods of operation not now known may be formulated, or more efficient apparatus not now made may be designed and put into use.

The following figures are typical, as to amounts, to the telephone industry as a whole and the price trends and percentages given are figures applicable to the country as a whole excepting the percentage of increase in taxes, for which figures for the Cumberland Company were used as figures for the country as a whole were not available.

In the following tabulation the part of the dollar charged to expenses for depreciation has been divided between wages, materials

and other expenses in accordance with its actual distribution to these items in the business.

219 The typical disposition of a dollar expended for telephone operating expenses is as follows:

Wages	63 cents.
Materials	15 cents.
Miscellaneous Expenses	12 cents.
Taxes	7 cents.
Rents	3 cents.
Total	$1.00

Wages compose, as shown, approximately five-eighths of total telephone expenses. According to the reports of the United States Bureau of Labor Statistics, covering over 600 establishments with over 600,000 employees, there was an increase in wages of 145% between December 1914 and October 1920. According to the same reports, wages dropped almost every month from October 1920 to January 1922, since which time they have been rising, the present tendency being upward. According to the same reports, in March 1922 wages were 81% higher than in December 1914.

In the telephone industry the average wages of employees increased less than 80% by the latter part of 1920 and, never having reached the peaks of other wages, have not since declined excepting as to casual unskilled labor, which forms an almost negligible proportion of the whole. The increase in telephone wages up to the latest reported date is thus almost exactly the same as that for the industries reported by the Bureau of Labor Statistics and, in view of the present upward trend in wages generally, telephone wages are not likely to decrease.

Materials, as shown, compose but a relatively small percentage of telephone expenses, although they enter largely into construction costs. According to the U. S. Bureau of Labor Statistics, covering 300 raw and manufactured articles representing all the principle commodity groups, the average price of commodities in March 1922 was 51% higher than in January 1914, the tendency having been slightly upward since January 1922. The telephone industry uses no raw materials and the increase in price of manufactured articles has been greater than that represented by a group composed of both raw and manufactured articles; but for the purpose of the calculations to follow, the increase of 51% is treated as representing the increase in the price of materials used. No marked decrease in the price of materials is anticipated, and should such a decrease occur it would affect the costs of furnishing service to a relatively small extent.

220 Miscellaneous Expenses are not covered by any statistical data. It is estimated for this purpose that the increase is not less than 50%, or approximately the same as materials, and less than any other item entering into telephone expenses. No marked decrease in Miscellaneous Expenses is anticipated and should such a

decrease occur it would affect telephone costs to a relatively small extent.

Taxes have increased in the Cumberland Company for the year 1921, 76% over the taxes per telephone station in the year 1914. No marked decrease is expected.

Rents in March 1922, according to data compiled by the National Industrial Conference Board, were 65% higher than the average in 1914. The tendency was slightly downward and some further reduction may be expected. This is the smallest item in telephone expenses and should rents decline to pre-war levels, would only affect net earnings to the extent of less than one-fifth of one per cent. per annum upon the investment.

The following tabulation takes one dollar of present expenses as unity and, utilizing the above percentages of increase, which with the exception of taxes are general and not confined to the Cumberland Company or to the State of Louisiana, enables a comparison to be made between 1914 prices and present prices of the elements entering into telephone operating costs:

	1914.	1922.	Percentage of increase.
Wages	35.0 cents	63 cents.	80%
Materials	9.9 cents	15 cents.	51%
Miscellaneous Expenses	8.0 cents	12 cents.	50%
Taxes	4.0 cents	7 cents.	76%
Rents	1.8 cents	3 cents.	65%
Total	58.7 cents	$1.00	70%

The year 1914, with which comparisons are made, was one in which the Company barely earned its 6% dividend. There follows, as a necessary consequence, that to attempt to absorb a 70% increase in the cost of the elements of giving service with a total increase of rates of 30.69% predicates a high degree of operating efficiency and economy. This 30.69% increase includes the increase allowed in the order granting the rates now suspended. If the order of suspension stands it imposes upon the Company the necessity of meeting a 70% increase in general costs with an increase in rates (1919) of only 14.74%.

221 The business affairs of the Company in the State of Louisiana are economically and efficiently managed and the Company has made extraordinary efforts to reduce the cost of furnishing the service in said State and to hold at all times the cost of furnishing the service at a minimum consistent with adequate and efficient service to its patrons.

Said Opinion of the Public Service Commission of Louisiana, referring, upon page 22 thereof, to the profits shown by my testimony of 5.92% during the year ending July 31, 1920, refers to that period as "that abnormal year when a paralysis existed in the business world." As stated, I have been for many years a student of economic matters and I can state that one of the greatest periods of industrial

activity and business expansion which this country has gone through in the last half century came to an end in July 1920 or in the month preceding it.

Page 22 of said Opinion contains the follows statement:

"The fact that Louisiana's business may show a decline in demand can largely be explained by condition of excessive charges in this State, as compared with charges made elsewhere."

There has been been no decline in demand for exchange telephone service in Louisiana because of the existing rates or for any other reason. There was a severe business depression extending throughout the year 1921 and not yet entirely ended. During the six years from 1915 to 1920 the average growth in telephone stations per year in Louisiana was at the rate of 6.8% per annum. During the year 1921, inspite of the business depression, the growth was 6.7% per annum, and for the first four months of 1922 the growth has been at the annual rate of 7.2%.

Since the rates were increased in Louisiana, upon March 1, 1921, up to the present time the ratio of growth in Louisiana has been greater than in any other part of the Cumberland Company's territory.

Upon page 22 and page 23 of said Opinion it is stated that in Kentucky the Cumberland Company has made no application for an increase in rates and that in Tennessee and Mississippi, where applications for an increase of rates are pending, that the exchange rates in cities of equal population and with an equal number of stations will be lower if the rate raise is granted in Tennessee and Mississippi than in Louisiana if the rate raise be refused.

222 In the State of Kentucky the Commission does not admit that it has authority over exchange rates, for which reason no petition in that matter has been filed before it.

The statements upon page 23 of the Opinion as above quoted are incorrect. The rates now charged in Louisiana are the same rates for like size exchanges operated under similar conditions as are now filed with the Commissions in the States of Tennessee and of Mississippi, with the exception of the rates at Shreveport, which are less than those applied for elsewhere at like size cities, and with the further exception that there is no exchange of the size of or comparable with New Orleans in the States of Mississippi or Tennesseee. The rates at New Orleans are, however, somewhat less than the rates at Atlanta, Georgia, which exchange is of like size with New Orleans and is operated by the Southern Bell Telephone and Telegraph Company, whose general officers are the same individuals as those of the Cumberland Company.

Said Opinion charges, upon page 24 thereof, that the Cumberland Company is fortunate to have escaped hazards of the economic strife through which other utilities have gone, and that it has maintained a steady profit, including all items of cost.

The Cumberland Company paid in the year 1912 an 8% dividend; in the year 1913 it paid a 7% dividend; from the year 1914 to the year 1920 inclusive it paid a 6% dividend; and since the end of the year 1920 up to and including the date hereof it has paid no dividend. The dividend thus paid by said Company prior to the end of the year 1920 has not been earned in full since the year 1917 from its operations, and during the year 1921, when no dividends were paid, it not only earned nothing applicable to dividends, but failed to earn its interest charges by the sum of $17,134.

For the year ending July 31, 1919 the property of the Cumberland Company was operated under Government control under a contract by which the Government agreed to pay the average dividend rate for the preceding three years; to-wit, 6%, and actual necessary interest charges.

The operation of the Company showed a deficit for said period of $539,604.48, which amount was made good and paid to it by the Government under the said agreement.

In spite of the fact that the deficit in dividend earnings was thus made good by the Government for twelve months of the period beginning January 1, 1918 and ending April 30, 1920, and
223 despite the fact that no dividends at all were paid during sixteen months of this period, the surplus of the Company during said period was diminished in order to pay such 6% dividends as it did pay; namely, for the years 1918, 1919 and 1920, by the sum of $687,265.

There is no water or inflation whatsoever in the stock of the Cumberland Company. Had it continued and paid its 6% dividend during the sixteen months ending April 30, 1922, the total deficit in such period of three years and four months since it last earned its dividend from operation would have been $2,067,265. It is, therefore, erroneous to state that the Cumberland Company has escaped the hazards of the economic strife through which other utilities have gone.

(Sd.) J. M. B. HOXSEY.

Sworn to and subscribed before me this 12th day of June, 1922.

(Sd.) OTEY B. MITCHELL,
[SEAL.] *Notary Public, State at Large, Atlanta, Ga.*

My Commission Expires Nov. 21, 1925.

EXHIBIT A.

List of all Dividend Paying Stocks Other Than Preferred Stocks, Guaranteed Stocks, and Railroad Stocks Dealt in on the New York Stock Exchange for the Week Ending May 20, 1922, with Closing Prices as of that Date and with the Latest Reported Earnings per Share Known to Affiant.

	Dividend per share.	Closing prices.	Earnings per share.	
Air Reduction.....	4.00	54.50	3.73	1921
All Am. Cables.....	7.00	116.00	18.34	1920
Allied Chem. & Dye....	4.00	68.50	2.27	1921
Allis Chalmers Mfg. Co	4.00	50.00	4.10	1921
Am. Bank Note.....	4.00	71.00	13.51	1921
Am. Brake S. & Fdry..	4.00	61.00	4.41	1921
Am. Car & Fdry. Co....	12.00	162.00	21.50	1921
Am. Express.....	8.00	139.25	10.50	1920
Am. Ice.....	7.00	107.00	19.43	1921
Am. La. F. F. Eng.....	1.00	13.50	1.46	1921
Am. Loco.....	6.00	114.50	13.30	1921
224				
Am. Radiator.....	4.00	102.12	5.14	1921
Am. Snuff.....	12.00	132.00	14.30	1921
Am. Steel Fdry.....	3.00	38.75	.13	1921
Am. Tel. & Tel.....	9.00	122.63	11.72	1920
Am. Tab.....	12.00	141.00	16.85	1921
Am. Woolen.....	7.00	92.62	8.01	1921
Assoc. D. G.....	4.00	56.25	10.25	1921
Assoc. Oil.....	6.00	124.25	20.52	1921
Atlas Powder.....	12.00	162.50	23.83(Red.)	1921
Baldwin Loco.....	7.00	117.63	18.20	1921
Bethlehem Steel.....	5.00	76.00	11.50	1921
Brooklyn Ed.....	8.00	108.00	9.60	1920
Burns Bros.....	10.00	134.75	20.22	1921
Cal. Packing.....	6.00	78.50	9.01	1921
Cal. & Arizona.....	2.00	63.00	1.08(Red.)	1921
Certain-teed Prod.....	4.00	50.00	.20	1921
Chandler Motor.....	6.00	74.62	.15	1921
Chicago Pneu. Tool.....	4.00	65.00	.96	1921
Coca Cola.....	4.00	59.00	3.29	1921
Columbia Gas. & El. Co	6.00	88.13	9.40	1920
Computing Tab. Rec...	4.00	66.75	7.99	1921
Consol. Gas.....	7.00	116.75	1.40	1920
Corn Prod. Ref.....	6.00	101.62	9.22	1921
Detroit Electric Co.....	8.00	108.00	7.01	1920
Dorne Mines.....	1.00	28.25	.63	1921
Eastman Kodak.....	5.00	76.63	9.25	1920
Endicott Johnson.....	5.00	83.75	10.79	1921

	Dividend per share.	Closing prices.	Earnings per share.	
Fisher Body	10.00	118.00	8.99	1921
Gen. Am. Tank Car	3.00	63.12	6.91	1921
Gen. Cigar	6.00	73.50	8.08	1921
Gen. Elec.	12.00	164.75	14.29	1921
Homestake Mines	3.00	72.00	1.90	1921
Hupp Motor	1.00	20.38	1.60	1921
Internatl. Cement	2.50	36.75	4.29	1921
Internatl. Harvester	5.00	103.00	.07 (Red.)	1921
Kelsey Wheel	6.00	99.00	16.10	1921
Kresge S. S. Co.	6.00	139.50	20.29	1921
Lee Rubber & Tire	2.00	34.75	.66	1921
Liggett & Myers	12.00	169.00	25.33	1921
Lima Loco.	7.00	110.00	21.50	1921
Loft, Inc.	1.00	13.50	1.12	1921
225				
Lorrillard (P) Co.	12.00	159.00	18.10	1921
Mackay Cos.	6.00	90.25	5.70	1921
Manhattan Elec. Sup.	4.00	59.62	1.32	1921
Manhattan Shirt	2.00	38.75	4.10	1921
Martin Parry	2.00	33.25	.01	1921
May Dept. Stores	8.00	116.50	17.92	1921
McIntyre Porc. M.	.75	17.50	.22	1921
Mexican Pet.	12.00	136.00	19.63	1920
Miami. Coffee	2.00	30.75	1.24	1921
Middle States Oil	1.20	15.25	2.84	1921
Montana Power	3.00	73.00	4.80	1920
National Biscuit	7.00	148.00	13.48	1921
National Lead	6.00	94.75	8.59	1921
N. Y. Dock	2.50	37.50	6.04	1921
N. Y. Shipbuilding	2.00	21.00	10.23	1921
Nunally Co.	1.00	10.75	.83	1921
Ohio Fuel Supply	2.50	50.50	7.12	1920
Otis Elevator	8.00	136.75	12.60	1921
Owens Bottle Co.	2.00	26.63	1.07	1921
Pac. Gas & Elec.	5.00	70.37	5.60	1920
Pac. Oil	3.00	64.13	4.65	1921
Pan. Am. Pet. & Tr.	6.00	66.50	9.25	1920
Peoples Gas (Chicago)	5.00	86.25	.90	1920
Philadelphia Co.	3.00	39.00	10.80	1920
Phillips Petroleum	2.00	48.25	5.07	1921
Pittsburg Coal	5.00	62.75	3.74	1921
Postum Cereal	5.00	77.25	7.91	1921
Pond Creek Coal	1.50	20.25	2.55	1921
Public Ser. (N. J.)	6.00	88.00	4.70	1920
Pullman Co.	8.00	123.50	5.10	1921
Pure Oil	2.00	22.87	1.36	1921
Ry. Steel Spg.	8.00	100.50	4.69	1921

	Dividend per share.	Closing prices.	Earnings per share.	
Royal D. N. Y.	$ .20	68 .75	4 .62	[illegible]
St. Joseph Lead	1 .00	15 .75	.75 (Est.)	[illegible]
Shell Trans. & T.	.025	46 .00	2 .00	[illegible]
Stand. Oil of Cal.	4 .00	213 .25	9 .52	[illegible]
Stuart W. Specialties	1 .00	46 .50	2 .10	[illegible]
Studebaker	7 .00	230 .75	10 .20	[illegible]
Texas Co.	3 .00	69 .50	3 .62	[illegible]
Texas Gulf Sulphur	4 .00	46 .87	3 .07	[illegible]
Tex. Pac. C. & C.	1 .00	30 .50	2 .60	[illegible]
T				
Tobacco Products	4 .00	73 .50	6 .45	[illegible]
Trumm & Williams	2 .00	45 .00	.45	[illegible]
Twin Cy. Rap. Trans.	2 .00	60 .25	5 .60	[illegible]
Union Bag & Paper Co.	4 .00	47 .50	4 .50 (Est.)	[illegible]
United Fruit	6 .00	162 .75	10 .97	[illegible]
U. S. Steel	5 .00	103 .75	8 .20	[illegible]
Utah Copper	2 .00	47 .62	3 .20 (Est.)	[illegible]
Va. Iron Coal & C.	4 .00	57 .00	6 .25	[illegible]
Wells Fargo	2 .50	79 .00	7 .50	[illegible]
Western Union Tel.	7 .00	90 .50	10 .50	[illegible]
Westinghouse Air Brake	4 .00	96 .25	5 .17 (Est.)	[illegible]
White Eagle Oil	2 .00	36 .00	2 .60	[illegible]
White Motors	6 .00	69 .25	9 .47 (Est.)	[illegible]
Woolworth (F. W.) Co	6 .00	150 .00	60 .00	[illegible]
Worthington Pump	6 .00	52 .12	9 .20 (Est.)	[illegible]
Wright Aeronautical	1 .00	6 .75	2 .40	[illegible]
	543 .605	6,695 .12	799 .61	
			6 .62½	

227 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of J. M. B. Hoxsey.

STATE OF GEORGIA,
County of Fulton:

Four and One-half per Cent Contract.

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at large, J. M. B. Hoxsey, who is personally known to me, and who being sworn deposes and says:

I reside at Atlanta, Georgia, and am the First Vice-President of the Cumberland Telephone & Telegraph Company. I am familiar with the affairs and business of said Company and have personal knowledge of the same in the usual course of my duties as an officer of said Company, and have knowledge of the matters and things hereinafter deposed to:

The said Cumberland Company has a contract with the American Telephone & Telegraph Company covering telephones, services, licenses and privileges, by virtue of which certain instruments are leased, certain services rendered, and the use of all patents held by the American Telephone & Telegraph Company are allowed to said Cumberland Company in consideration of the payment of substantially 4½% of its gross revenues.

Said contract also provides for certain compensation to be paid by the said American Company to said Cumberland Company for services which it renders in connection with the toll business of said American Company originating and terminating at the ex-
228 changes of said Cumberland Company and traversing in whole or in part, the toll lines of said American Company. A copy of said contract is hereto attached marked Exhibit A and made a part hereof.

This contract is identical in terms with a like contract between said American Company and the Southwestern Bell Telephone Company, operating in the City of Houston, Texas, and elsewhere and the Southern New England Telephone & Telegraph Company, operating in the State of Connecticut, and the Cincinnati and Suburban Bell Telephone Company, operating in the City of Cincinnati, Ohio, and surrounding territory, and other companies constituting the Bell System.

This contract, as stated in the opening paragraph thereof, states and reaffirms the contractual relations then and theretofore existing between the parties to the same in connection with the furnishing of telephones and licensing their use, and the licensing of telephone apparatus suitable for use in connection therewith, and the furnishing of various services and privileges.

The original agreement, out of which grew the contract shown as Exhibit "A" hereto attached, was made between the American Bell Telephone Company and the Cumberland Telephone & Telegraph Company in October, 1888.

For the purpose of this contract, the American Bell Telephone Company and the American Telephone & Telegraph Company may be considered as one, the American Telephone & Telegraph Company being the successor in interest to the American Bell Telephone Company under said Contract.

At the time when this contract was made, the American Telephone & Telegraph Company and the American Bell Telephone Company combined held only $55,000.00 in stock of the Cumberland Telephone & Telegraph Company out of a total outstanding issue of $1,535,000.00; and not until November, 1900, more than twelve years after the execution of said original contract, did the American Bell Telephone Company and the American Telephone & Telegraph Company, combined, hold a majority and control in stock of the Cumberland Company.

This contract was, therefore, made between diverse interest at arms length, and not between a parent company and a company controlled by it.

229 Many modifications of this contract were made by mutual agreement from time to time, each of which changes was, without exception, in favor of the Cumberland Company, such changes finally culminating in the agreement of December 2, 1918 filed herewith as Exhibit "A," which provides for the payment of 4½ per cent of the present gross revenue, as therein stated.

Attached hereto and made a part hereof, and marked Exhibit "B" is a chart entitled "Tabular View of Licensee Contract Services," which chart shows correctly and in detail said services so rendered by said American Company to said Cumberland Company under said contract.

Among the things and services furnished by said American Company to said Cumberland Company under said contract are:

1. Instrument Service.
2. Research and Development.
3. Engineering Services.
4. Accounting Services.
5. Legal Services.
6. Rights under Patents.
7. Financial Service.

Each and all of these things and services are necessary and essential to the conduct of an efficient and comprehensive telephone business by said Cumberland Company, and are as to certain of them, which are of great use and value to the patrons of the said Company, of such a nature that said Cumberland Company could not render them to itself at any cost within the bounds of reason, if at all; certain of the things and services so obtained are of such nature that said Cumberland Company could only render them to itself at a cost greatly in excess of the cost now incurred by it by virtue of said contract; certain of the services so obtained are of great value but are not susceptible of an exact monetary valuation, and that those things and services so obtained, which are susceptible of an approximately exact monetary valuation thereof exceed in such value annually the amount paid under said contract for the whole of the things and services thereunder obtained.

Referring to the first of the above enumerated services, said American Company furnishes and Cumberland Company with all of the transmitters, receivers and induction coils used by it without other cost than is incurred in said payment under the contract, and without further cost to said Cumberland Company, it repairs and replaces such instruments upon demand.

230 The only alternatives known to the officials of said Cumberland Company for obtaining such instrument service are either to manufacture and maintain and replace the instruments themselves, or to buy them outright from others, and itself to maintain and replace them when necessary.

None of the transmitters, receivers or induction coils used by said Cumberland Company in the State of Louisiana are included in the investment of the said Company which has been deposed to by others in this case, nor is the cost of maintenance and replacement of the same included in any statement of operating, or other expense filed herein, and likewise, none of said transmitters, receivers and induction coils are included in the valuation placed upon said property in Louisiana by me in any affidavit in this case.

The said Cumberland Company could not by any of the alternatives obtain the use, maintenance and replacement of such instruments upon as favorable terms as it is now receiving under said contract.

Said American Company maintains a Research and Development Department of great scope and efficiency. All the results obtained by said department are available to said Cumberland Company and are of continued service to it, without further cost than that included in the payment under said contract.

The major part of progress made in the art of telephony has been due to the work of said Department of Research and Development, and thereby the service afforded by said Cumberland Company has been continually rendered more efficient, and the costs of giving such service are much lower than they would otherwise be under present conditions had it not been for the advantages obtained and the economies made possible, through the work of said Department of Research and Development.

Said Department has practically eliminated the experience accounts of said Cumberland Company. No piece of apparatus has ever been approved as standard and subsequently been discarded for something known at the time it was approved, and the amount of money thus saved to said Cumberland Company is of necessity a very large sum, although not susceptible of being stated with exact mathematical accuracy, said savings applying to its intrastate business in the State of Louisiana as well as elsewhere.

It would be impossible for said Cumberland Company to maintain a Department of Research and Development which would enable it to keep pace with the progress of the art and to do for itself those things which are necessary to be done in order that the public may be efficiently and cheaply served, and that the art might continue to progress, for the reason that it is necessary to employ in such a department very many high-grade specialists at great cost, and the volume of business of said Cumberland Company in Louisiana and elsewhere is not sufficient to enable it to employ such specialists, and the cost of so employing them, were it possible to do so, would be greater than the volume of the business of said Cumberland Company would absorb, and would add to the cost of furnishing service instead of greatly diminishing it, as under the present contract.

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The engineering service furnished by said American Company applies to plant, traffic arrangements and commercial practices, and consists not only in office advice given by said American Company to said Cumberland Company, but also in sending into the territory of said Cumberland Company, upon its request, highly skilled engineers in such numbers as may be necessary to make such studies and give such advice as may be advisable to procure the construction of plant economically and soundly designed and constructed and maintained, all without other cost either for salary or expenses for such engineers than is included in the payment under said contract.

The traffic arrangements and the advice received from said Engineering Department of said American Company to said Cumberland Company have been, and are productive of great economies and of increased efficiency, and the advice by them given as to commercial practices is of great value to said Cumberland Company.

That the volume of business of said Cumberland Company in Louisiana and elsewhere is not sufficient to enable it, itself, to employ a sufficient number of engineers of the requisite efficiency to render such services for it directly without a cost greatly exceeding that paid under said contract.

The accounting services rendered by said American Company to said Cumberland Company consists, among other matters, of auditing the accounts of said Company annually, and of advising said Cumberland Company of improved methods of accounting and of routines tending toward standardization of accounting by which standardization comparsons can be made with costs of other companies and continual studies pursued to the end of obtaining the

greatest degree of economy in operation indicated as possible by such comparisons.

The accounting services so rendered are of a nature which could only otherwise be rendered by some large and highly efficient
232 firm of expert accountants, which would of necessity lack the widespread information necessary to produce as efficient results, and the cost of which would greatly exceed the proportionate cost of such services under said contract.

The legal services rendered by said American Company to said Cumberland Company are of great value and include the protection of said Cumberland Company against all causes arising from infringements of patents, and said services could not be elsewhere obtained at a lesser cost than under said contract.

The American Telephone & Telegraph Company owns and controls several thousand patents, all of which are at the disposal of said Cumberland Telephone & Telegraph Company without royalties or other charges than are included under said payment under said contract, and many of the most valuable of said patents are held for the exclusive use of the said Cumberland Company and other companies bearing a like relation to the said American Company.

The whole field of telephony is covered by such patents, and patents covering new discoveries and inventions are being continuously obtained by said American Company.

The service is imperative if plant and methods are to continue to progress instead of becoming obsolete. The use of discoveries and inventions and apparatus and methods covered and protected by said patents has greatly reduced the cost of operation of said Cumberland Company in the State of Louisiana and elsewhere, and that as to certain of the most valuable patents there is no means by which the said Cumberland Company could derive the advantage of their use excepting through the aforesaid contract, and that as to the remainder of said contracts under which the general public might acquire the benefits of the use of the same, the Cumberland Company is, by virtue of the relationship thus established, enabled to purchase such patented apparatus in general use at a much lower cost than others not having the advantage of such relationship.

The Cumberland Company has no means itself of developing patents for the progress of the art, the increase of efficiency, and the decrease of its expense, and that to place itself in a position to develop and acquire future patents would be, if possible at all, of greater cost to it than its entire payment to said American Company under the aforesaid contract.

The financial services rendered by said American Company
233 to said Cumberland Company are, and have been, of great value and monetary saving to said Cumberland Company, and have enabled it, among other items, to finance its necessary additions to its plant and equipment during the last few years at a rate of interest not exceeding 5.88 per cent per annum net, when upon its own unsupported credit it would not have been able to have ac-

quired the necessary sums from any other source. That from time to time the notes of said Cumberland Company have been sold upon the market, and that from time to time the notes of said Cumberland Company, bearing the endorsement of said American Company, have been sold upon the market at far better prices than could be arranged by said Cumberland Company without such assistance and endorsement.

All of the aforesaid and other benefits accruing to said Cumberland Company by virtue of the aforesaid contract has made it possible for said Company to greatly reduce the cost of furnishing service to its patrons in Louisiana, thereby greatly reducing the rates and charges to its patrons, and greatly improving the efficiency thereof.

Should the said contract for any reason be discontinued, the things and services rendered thereunder being essential and necessary, said Cumberland Company will be under necessity of supplying itself otherwise with so much of said services as could be otherwise obtained at a much greater cost than the payment under said contract.

The compensation paid by said American Company to said Cumberland Company for services rendered by the latter Company in connection with the toll business of said American Company originating and terminating on the lines of said Cumberland Company, and going wholly, or in part, over the lines of said American Company, as set forth in the third paragraph of Article 6 of said contract, has been increased. Since January 1, 1918, said Cumberland Company receives upon communications originating at its exchange or toll stations, or on the lines of its connecting companies, within its territory, and passing over the lines of said American Company, 25 per cent of the amount received for each such communication, not to exceed 30 cents for any one communication, when said Cumberland Company does the operating, and 25 per cent, not to exceed 12 cents on each such communication, when the American Company does the operating, both the percentage and limitations being doubled where such communications originate at pay stations of said Cumberland Company.

234 This compensation, while based upon the communications originating on lines of said Cumberland Company, is intended to, and does, cover the service performed by said Cumberland Company, when the communications originate elsewhere and terminate upon the lines of said Cumberland Company.

I have caused to be made complete, careful and accurate studies as to the cost to said Cumberland Company of furnishing the services covered by this compensation, and I have thereby found that such compensation fully compensates said Cumberland Company for the services rendered and gives to said Cumberland Company a profit therefrom.

In all instances where the communication goes partly over the lines of said Cumberland Company and partly over the lines of said American Company, said Cumberland Company receives its share

of said tolls according to the mileage of the lines of the said Cumberland Company employed in furnishing the service, and in all cases where such communication originates upon the lines of the Cumberland Company, or of any connecting company in its territory, said Cumberland Company receives in addition to its pro rata mileage the aforesaid compensation.

(Signed) J. M. B. HOXSEY.

Sworn to and subscribed before me this 10th day of June, 1922.

[SEAL.] (Signed) OTEY B. MITCHELL,
Notary Public, State at Large, Atlanta, Ga.

My Commission Expires Nov. 21, 1925.

235 EXHIBIT "A."

So. Bell Tel. & Tel. Co., Legal Dept. Brief File No. R-31.1.

Agreement Between American Telephone and Telegraph Company and Cumberland Telephone and Telegraph Company, Incorporated.

Covering Telephones, Services, Licenses, and Privileges.

236 Memorandum, dated this second day of December, 1918, stating and reaffirming the contractual relations now and heretofore existing between the parties hereto in connection with the furnishing of telephones and licensing their use, and the licensing of telephonic apparatus suitable for use in connection therewith, and the furnishing of various services and privileges, by the American Telephone and Telegraph Company, a corporation organized under the laws of the State of New York, hereinafter called the "Licensor," to the Cumberland Telephone and Telegraph Company, Incorporated, a corporation organized under the laws of the State of Kentucky, hereinafter called the "Licensee."

Whereas, the Licensee is now and heretofore has been conducting a telephone business within the territory hereinafter defined, as a part of the Bell System, under certain license contracts in Forms 109 D, for Exchange, 113 D, for Extra-Territorial Connecting Lines, and 116 C, for the Supply of Telephones for Private Lines and Other Purposes, each dated October 6, 1888, from The American Bell Telephone Company, a corporation organized under the laws of the Commonwealth of Massachusetts, as the owner of Letters Patent of the United States granted to Alexander Graham Bell March 7, 1876, and January 30, 1877, numbered 174,465 and 186,787, respectively, and as the owner of, or as having the right to use, sundry other inventions which then were or might thereafter be embodied in electric speaking telephones, said license contracts also covering other such inventions which said The American Bell Telephone Company might thereafter own or have the right to use; and,

237 Whereas, the Licensor, as the successor in interest of said The American Bell Telephone Company in and to said license contracts, has assumed and is now and heretofore has been continuously discharging all of the obligations of said The American Bell Telephone Company under said license contracts; and,

Whereas, by mutual agreement of the parties thereto said license contracts have heretofore been modified in various respects, as shown by letters, by written agreements and by the practice of the parties evidenced by a continued course of dealings between them; and,

Whereas, the Licensor and the Licensee now desire for purposes of convenience to state in one instrument and reaffirm the contractual relations that now exist and have heretofore existed between them in respect to said matters;

Now, therefore, this instrument witnesseth that said contractual relations have heretofore been and now are as follows:

1. It is understood that the Licensor and the Licensee, respectively, have succeeded to all the rights and liabilities of the parties to said license contracts.

2. For the purposes of this memorandum:

(*a*) The word "telephone" means either a magneto telephone or a battery transmitter with induction coil.

(*b*) An "exchange" means a system in which different stations on the same or different circuits, and either within any city, town, borough or village, or within a radius of fifteen miles of a central office, are connected with such central office or branch offices, for the purpose of placing subscribers or other parties by such circuits in communication with such central or branch offices, or with each other, either directly or through the agents of the system.

238 (*c*) An "extra-territorial connecting line" means a line connecting an exchange, as hereinbefore defined, with points without the territory of such exchange and within the territory of the Licensee in order to establish telephonic communication between the patrons of such exchange and parties at such points reached by said line.

(*d*) A "private line" means a line consisting of only a single circuit both ends of which are located wholly within the territory of the Licensee, which shall not be permanently or temporarily connected with any other circuit, and the telephones on which shall be used only for the individual and private business of the patron and only by him or his employees, and upon which no business shall be transacted for any consideration or toll to be paid by other persons than the patron or other parties named in the lease of telephones, and over which shall be transmitted no messages in respect of which, or of the transmission, collection or delivery of which, any consideration or toll is to be paid by any other person. But no one of the stations of a private line or of the lines of private intercommunicating systems shall be used as an exchange office, or

be permanently or temporarily connected with a telephonic exchange system.

(e) A "private intercommunicating system" means an arrangement of equipment consisting of a switchboard or equivalent apparatus with operating telephone and telephone stations connected thereto, providing for telephonic intercommunication between the stations and having no connection with a telephonic exchange system. In other respects, the use is limited as above stated for private lines.

3. The Licensor, at the warehouse of the Western Electric Company, Incorporated, most convenient to the territory of the Licensee and from which the last named company delivers to the Licensee telephonic apparatus, will deliver to the Licensee, as needed, 239 telephones made and to be used under the Licensor's patents, as herein set forth and permitted; the Licensor to keep continuously in stock a sufficient number of telephones to insure prompt deliveries. All telephones delivered to the Licensee shall be deemed to be furnished hereunder unless otherwise specially designated by the Licensor. They will be of such character and pattern and bear such marks as the Licensor shall from time to time determine, but the Licensee may choose from among such standard patterns. Each of said telephones shall remain the property of the Licensor, and is leased, and the use of each licensed, under all patents under which the Licensor has or may have the right to license, so far as applicable thereto, for the purposes herein declared. The Licensee has the right to use said telephones and to grant such right of use to its patrons or to other parties in its territory, as hereinafter provided, for the purposes and to the extent herein limited, upon condition that and so long as the payments hereunder shall be duly paid to the Licensor and the provisions hereof are not violated, but not longer or otherwise, (1) upon circuits exclusively composed of the lines of any of its exchanges; (2) upon extra-territorial connecting lines whether furnished in whole or in part by or for the Licensee; (3) in connection with the trunk lines reserved to the Licensor by Article 5; (4) with the approval of the Licensor, upon the telephone systems of other parties for use in the territory of the Licensee under and in accordance with its regular sub-licensee or connecting agreements with such parties; (5) in connection with other telephones, not furnished or licensed by the Licensor, which are used on farmers' lines, so-called, or lines of a similar character, on lines operated by railroads, and on lines and exchanges operated by sub-licensee or connecting companies and wholly located in the territory of the Licensee and not connected with the lines and exchanges in the territory of any other 240 licensee of the Licensor; provided that all such other telephones shall be of such a type, and the lines upon which they are used shall be maintained and operated at such a standard of efficiency, as will not in the judgment of the Licensor unduly impair the quality of the service furnished over the joint lines of

such users and the Licensee; (6) upon private lines and lines of private intercommunicating systems.

The Licensee shall not directly or indirectly connect with the trunk lines reserved to the Licensor by Article 5 any line or telephone exchange, except lines or exchanges which it has been specially authorized by the Licensor to connect with said trunk lines.

All rights not specifically granted to the Licensee remain to the Licensor.

The Licensor will not furnish or license any telephones to be used by others upon an exchange within the territory of the Licensee while its rights hereunder exist, except telephones to be used on the lines of exchanges having their central offices outside the territory of the Licensee by persons within said territory who are or may be subscribers to or patrons of such exchanges; nor will the Licensor furnish or license any such telephones to be used by others upon extra-territorial connecting lines while the rights of the Licensee hereunder exist; provided, however, that the Licensee shall furnish or cause to be furnished exchanges and lines sufficient to satisfy all reasonable demands of the public for exchange and toll line service within said territory and shall furnish such service at rates that are just and reasonable.

This article shall not be so construed as to prevent the Licensor in its discretion from authorizing the Western Electric Company, Incorporated, or its successors and assigns, to sell telephone receivers and transmitters of any type in the open market to all buyers.

4. The Licensor will license the use of the inventions in call-bells, switches, switchboards, and other telephonic devices,
241 apparatus, methods and systems needed for the telephone lines of the Licensee, which it can so license, upon the same terms for the Licensee as for others under similar circumstances; but such call-bells, switches, switchboards and other telephonic devices, apparatus, methods and systems shall not be disposed of by the Licensee without the consent of the Licensor except to those so licensed by the Licensor to use them or to the licensed manufacturers of the Licensor.

5. The Licensee may enjoy any of the Licensor's rights of way and similar franchises of the Licensor to maintain its lines, which the Licensor can permit it to use, when and so long as, in the judgment of the Licensor, it shall not interfere with the enjoyment thereof by the Licensor or its other licensees, and shall pay whatever may be due to third persons, if anything, growing out of or in connection with such use by it, and may, to the extent and under the conditions aforesaid, use the Licensor's overhead and underground facilities for supporting or carrying wires (both open and in cable) upon paying a pro rata share of the cost of constructing and maintaining them, computed in accordance with the existing practices of the parties, or such other reasonable compensation as may be agreed upon. For trunklines from the several exchange offices to points outside of the respective exchanges, the Licensor may, with-

out further compensation, enjoy all rights of the Licensee to construct and maintain lines which the Licensee can permit it to use, when and so long as, in the judgment of the Licensee, it shall not interfere with the enjoyment thereof by the Licensee, and may, to the extent and under the conditions aforesaid, use the Licensee's overhead and underground facilities for supporting or carrying the Licensor's wires (both open and in cable) upon paying a pro rata share of the cost of constructing and maintaining them, computed in accordance with the existing practices of the parties, or
242 such other reasonable compensation as may be agreed upon.

The Licensor reserves the right to use telephones on lines passing over the routes or any or either of them of the lines of the Licensee, and connecting, with each other or with said exchanges, places with which the Licensee is not authorized to connect, for the purpose of establishing personal communication or transmitting messages between such places and between such places and said exchanges. The Licensee will also allow the Licensor to connect the wires of any such lines with its said lines in order to constitute thereby a through line, of which the Licensee's lines or any or either of them or any part of either of them can form a portion or link in order to forward through communications or messages; will make or permit to be made convenient switchboard or other connections for that purpose, and as compensati for such use of its lines and for making such connections will take a share of the through toll (terminal expenses being first deducted) pro rata according to distance, ,not greater than that customarily charged by it for like distances, and will also allow any telephone exchange located outside the territory of the Licensee to be designated by the Licensor to connect with the Licensee's lines for the purpose, and substantially in the manner and upon the terms herein provided in respect to such trunk line connections. I respect of all communications or messages originating on its lines and which are to be routed or forwarded over any other lines, the Licensee shall require the patron or subscriber to bind himself to pay the tolls thereon and to make every communication or message subject to such contracts, stipulations, and limitations of liability of such other lines as the Licensor may from time to time require, in such form as it may from time to time prescribe, and will hold the Licensor harmless from all loss or expense consequent upon the Licensee's failure so to do. Whenever the consent of a commission or other public tribunal to the use by the Licensor or the Licensee of the plant or other facilities of the other is required by law, no agreement made
243 under and pursuant to the provisions of this paragraph shall be effective until such consent is obtained.

The Licensor may enter the offices and connect with the exchanges of the Licensee any lines to points without the territory of the Licensee or to points within said territory for connection with which the Licensee is not authorized to use telephones furnished hereunder, in order to establish communication between patrons of such exchanges and parties at such points reached by said lines, and may there operate said lines with suitable appliances; the Licensee will

permit its patrons to use such lines, and by its own operators will handle such communications or messages to and from its patrons, or make the proper switchboard or other connections for direct communication, as may be requested, and in such manner, not inconsistent with the proper conduct of its office, as the Licensor shall direct. But if the Licensor is not satisfied with the manner in which it is performed, it may establish its own offices and trunk and radiating lines for such purpose.

6. The Licensee will cause each of its exchanges to route, over the lines of the Licensor and of such parties as the Licensor may from time to time appoint, all communications to points outside the Licensee's territory, or to points within said territory for connection with which the Licensee is not authorized to use telephones furnished hereunder, originating at such exchanges, on its lines, or at the exchanges or on the lines of its connecting companies within its territory, or coming on the wires or within the control of the exchange, where the Licensor or its said appointee has wires and will accept the same, so far as the Licensee can lawfully control the same and unless otherwise specially directed by its patrons, but the Licensee will not solicit such special directions or receive or pay tolls for transmission over other lines unless compellable by law so to do.

Each such communication on which the charge is reversed
244 shall be considered as originating at the station against which the charge is to be made.

The Licensee shall keep and furnish an account of each such communication, and of connections made therefor, and shall collect and on demand pay over to the Licensor or its said appointees, respectively, the tolls for transmission beyond the exchange, according to such rates and rules as each shall establish, and shall exhibit its accounts and the tickets from which they are made, so far as may be proper to verify the same. The Licensee, in the handling of all business interchanged hereunder shall observe the Licensor's operating methods and rules from time to time established for the use of its lines and shall keep such records and furnish such reports in respect thereto as the Licensor may from time to time request.

Each exchange shall, if and when so requested by the Licensor, make proper switchboard or other connection between the lines of the Licensor or its Licensees from points without such exchange and terminating in such exchange office, for the purpose thereby of making up a through line between points without such exchange. In respect of all the business referred to in this Article, the Licensee shall make no charge to its own subscriber or patron, but shall be entitled to the following compensation and none other: The Licensee shall receive, upon communications originating at an exchange or toll station of the Licensee or of a connecting company of the Licensee within its territory and passing over the trunk lines reserved to the Licensor by Article 5, *fifteen per cent.* of the amount received from the tolls for each such communication, not to exceed twenty cents for any

Changed to twenty-five per cent not to exceed thirty cents.

one communication; provided, however, that whenever the party entitled to said toll employs the toll operator who has charge at or for the originating exchange of completing such communication, the sum to be received by the Licensee

245 for each such communication shall not exceed ten cents, and provided further that the Licensee shall receive upon each such communication originating at a

Changed to twenty-five per cent not to exceed twelve cents.

public telephone pay station of an exchange double the aforesaid compensation; the amounts so received as aforesaid by the Licensee to include compensation to the Licensee for the use of all facilities of an exchange furnished for and in connection with such communications whether to or from such exchange, except the facilities required to establish connection between an exchange station and the toll switchboard in which said trunk lines terminate or between an exchange station and the toll trunks when such trunks are employed to effect connection with such toll switchboard; for the use of which excepted facilities the Licensee is compensated by its rates for exchange service in such exchange. In case an exchange shall be required to make a switchboard connection for the purpose of making up a through line between points without such exchange, the exchange shall receive, as compensation for making such connection, such compensation as may be agreed upon.

7. For telephones unlawfully detained from the Licensee or lost or destroyed otherwise than by fire or unavoidable casualty, the Licensee will pay to the Licensee such sum per telephone, not to exceed five dollars, as the Licensee may from time to time determine; but said payments shall not confer any right to the telephone, or to its use, or satisfy any other breach of covenant, or impair the right of the Licensee to obtain possession of any such telephone. The Licensee shall, at its own expense, replace or repair such defective telephone delivered to it for that purpose at the warehouse of the Western Electric Company, Incorporated, most convenient to the territory of the Licensee, and will, as the Licensee may from time to time request, deliver to it at said warehouse such parts for making replacements in telephones in service or on hand as it may then reasonably need; minor parts for such replacements to

246 be furnished without charge and major parts, as defined from time to time by the Licensee, to be paid for by the Licensee at the reasonable cost thereof, and all such major parts, whether intact, defective or broken, returned by the Licensee to the Licensee at said warehouse to be repurchased by the Licensee at the then current cost to it of corresponding new parts.

8. The Licensee admits the validity of all patents relating to telephony and telephonic appliances now or hereafter held by the Licensee or under which it may hold licenses exclusive in their character, and the validity of its title thereto, and will not dispute the same.

9. The Licensee is entitled to receive from the Licensor, in addition to all other services and benefits accruing hereunder to the Licensee, the following described services and privileges:

(a) The right to use, subject to the provisions herein set forth, all telephonic devices, apparatus, methods and systems covered by patents now or hereafter owned or controlled by the Licensor or which it may have the right to authorize the Associated Companies of the Bell System to use, and also the right to use, subject to the provisions herein set forth, as and when completed and distributed, all new and improved apparatus and developments in the art of telephony resulting from the research and experimental work conducted by or under the direction of the Licensor and hereinafter referred to; and, without expense to the Licensee, protection and defense against and to be saved harmless from all actions or suits charging infringement of patents, arising out of the use of telephone facilities hereunder by the Licensee; as well as ample provision for protecting and defending against, and insuring the Licensee against judgments for damages and profits in, all actions or suits charging infringement of patents, arising out of the use of any apparatus methods or systems which the Licensor may recommend.

(b) The continuous prosecution by the Licensor of its fundamental work of research, investigation and experimentation in the development of the art and science of telephony and in the development of plans, methods, systems and close designed to promote safety, economy and efficiency in the equipment, construction and operation of the telephone plants of the Associated Companies of the Bell System, and the direction by the Licensor of the development work by others for the production of materials and apparatus necessary for rendering the products of such work of the Licensor available for use by such Associated Companies.

(c) Advice and assistance in general engineering, plant, traffic, operating, commercial, accounting (including the auditing of accounts) patent, legal, administrative and other matters pertaining to the efficient, economical and successful conduct of the telephone business of the Licensee; such advice and assistance to be given by the Licensor through the issuance to the Licensee of data, forecasts and conclusions, including bulletins, books, circular letters, and standard specifications and blueprints, and through the performance of specific work in cases of unusual magnitude and complexity where such work is necessary or desirable.

(d) Advice and assistance in any financing required to be done by the Licensee in the extension, development or improvement of its telephone system within its said territory and in the general matter of its finances; aid in securing funds on fair terms, as and when needed for new construction and other expenditures, but not, at any time, to a greater extent than the then condition of the finances and credit of the Licensee may permit; active assistance

in the marketing of the Licensee's securities; and such other
248 necessary financial support and assistance in the premises as will tend to serve the best interests of both Companies.

(e) The right to extend to the subscribers and other patrons of the Licensee and of its connecting companies within its said territory the privilege of using, upon payment of the regular tolls therefor, the connections provided for in said license contracts between its system and the systems of the other Associated Companies of the Bell System for telephonic communications between such subscribers and other patrons and the subscribers and other patrons of such Associated Companies and of their connecting companies in their respective territories.

(f) Active assistance, cooperation and support in connection with the adoption from time to time by the Licensee of such measures as will, in the united judgment of the parties hereto, best protect and preserve the health and promote the well-being in employment of the employees of the Licensee and, in other ways, conserve the high quality of its service to the public through the maintenance of a stable, contented and efficient personnel; the continued maintenance by the Licensor, in accordance with and subject to the terms of the agreement heretofore made by the parties hereto for the interchange of the benefit obligations of the plans heretofore adopted by them respectively and each entitled "Plan for Employees' Pensions, Disability Benefits and Death Benefits", and at not less than its original amount, of the Fund heretofore established by the Licensor under its said Plan; and the continued right to the Licensee, whenever at any time the Fund established under its said Plan shall be insufficient for the performance of its obligations thereunder, to have recourse, to the amount of the deficiency, to said Fund of the Licensor in accordance with and subject to the terms of said agreement for the interchange of benefit obligations.

249 *(g)* The right to the Licensee, for the betterment of the service throughout its said territory, to extend to its connecting companies within its said territory, on such terms and conditions as it may determine, the benefit of such engineering and other technical advice and information in respect to construction, maintenance, repair and operation of plant as the Licensee may receive from the Licensor.

10. In order that the foregoing services may be promptly and efficiently performed when needed by the Licensee, the Licensor will:

(a) Render available for use by the Associated Companies of the Bell System all products of the Licensor's fundamental work of research, investigation and experimentation, and all inventions, discoveries and patents, and all methods and systems covered by patents, relating to the art of telephony, or all apparatus and appliances, methods and systems embodying such inventions, discoveries and patents, which, after investigation, experimentation and tests, are in each case pronounced by the technical experts of the Licensor

to be of advantageous and practical usefulness in telephony and recommended for use, and to this end, if any patent rights held by others in any such invention or discovery are necessary to make such invention or discovery available for such use, the Licensor will, in case such invention or discovery relates to telephones, acquire the requisite patent rights therein, and, in case such invention or discovery relates to other than telephones, provide suitable arrangements for making the apparatus, appliances, methods and systems embodying such invention or discovery available for use as aforesaid; provided that each such acquisition or arrangement can, in the judgment of the Licensor, be consummated on reasonable terms.

(b) Maintain continuously an organization of specialists trained in the various branches of the work required to be done by
250 the Licensor in rendering the foregoing services, of such numbers and possessed of such technical knowledge and experience as will enable said work to be so done as to relieve the Licensee from the necessity of attempting to perform said work for itself.

(c) Maintain continuously or cause to be so maintained proper circuit and other facilities for connections, as herein provided, between the said system of the Licensee and the systems of the other Associated Companies of the Bell System for telephonic communication between the subscribers and other patrons of the Licensee and of its connecting companies within its said territory and the subscribers and other patrons of such other Associated Companies and of their connecting companies within their respective territories.

11. In consideration for said license contracts and for all benefits accruing to the Licensee hereunder, the Licensee is paying and shall continue to pay to the Licensor a sum equal to four and one-half per cent. (4½%) of the total gross earnings of the Licensee, which shall be payable in monthly installments, as herein provided, and in accordance with the established practice of the parties hereto, and shall be computed as follows: Such total gross earnings shall comprise the following accounts described and defined in the Licensor's Accounting Circular No. 8, Standard Telephone Accounts, Bell Telephone System, issued under date of December 28, 1912: Account 500 Subscribers' Station Revenues, Account 501 Public Pay Station Revenues, Account 504 Private Exchange Lines, and Account 510 Message Tolls. From the total of such accounts, shall be deducted Account 304 Uncollectible Operating Revenues. To the difference between the aforesaid revenues and the aforesaid deductions therefrom shall be added (*a*) the sum of Seventy-five Cents (75¢) per telephone per month for all telephones not in use in excess of three per cent. (3%) of
251 the total number of telephones standing charged to the Licensee on the last day of such month, said three per cent. (3%) representing the maximum number of telephones believed

to be necessary to be kept in stock by the Licensee, and (*b*) for sublicensed or other operating telephone companies not under license contracts from the Licensor and in which the Licensee owns a majority of the capital stock, the same proportion of their gross revenues computed as aforesaid as the proportion of their stock which is owned by the Licensee; provided, however, that, on application by the Licensee for the exclusion of such gross revenues of any such sub-licensed or operating company, the question shall be carefully considered and determined on the facts in each such case.

The amount of each installment of said sum equal to four and one-half per cent. (4½%) of the Licensee's total gross earnings due for each month shall be determined by such total gross earnings of the second preceding month, computed in the manner aforesaid, and a statement, over the signature of the proper accounting officer of the Licensee, of its total gross earnings for each calendar month, computed in the manner aforesaid, with the number of telephones in use and in stock in its territory on the fifteenth day of said calendar month shall be sent to the treasurer of the Licensor, or to such other officer of the Licensor as it may theretofore designate, on or before the twenty-fifth day of the next succeeding month and payment in oBston or New York funds shall be made on or before the tenth day of the month next following, that being the month for which such payment is due. Further statements of telephones shall be made by the Licensee at such times and in such detail as the Licensor may from time to time request. The Licensee will make such reports, giving such information regarding the operations of its exchanges and lines as the Licensor may from time to time request.

252 12. If the Licensee shall fail to pay any sums due hereunder for thirty days after the same shall become payable, or shall violate any other terms or conditions of this mmorandum, and shall persist in such default, violation, or neglect or fail to remedy or repair the same for sixty days after written notice thereof from the Licensor, or shall become bankrupt or insolvent, the Licensor may, if it shall so elect, by written notice to the Licensee, terminate all rights of the Licensee hereunder, and may resort to any of its rights and remedies in law or in equity, under the patent laws or otherwise, including the remedy by injunction against the Licensee or those claiming under it, for the use of any of its patented inventions or telephones not justified by a subsisting license hereunder, or for the violation of any other of its rights. The Licensor may also upon such termination, if it so elects, take possession of all lines, switchboards, fixtures, apparatus, appliances, and premises of the Licensee used for carrying on its business, and occupy and operate the same, or connect such lines with offices of its own; and collect from any patron, subscriber or other party all sums then or thereafter due to the Licensor or to the Licensee for the use of any telephones, circuits and appliances, or under any subscription contract or under any sub-license or connecting agreement for the inter-

change of business; and may enforce these provisions by an entry, without being deemed guilty of any trespass, or by legal process, including an injunction to prevent any interference with the Licensor (and others permitted by it) in the use of said telephones, lines, switchboards, fixtures, apparatus and appliances. The property so taken, which does not belong to the Licensor or revert to it hereunder, may be returned within three months from the taking, in which case it shall pay to the Licensee a reasonable compensation for its use, or the Licensor may retain the same as its own property and shall pay therefor a reasonable price (not exceeding the
253 actual cost) within four months after the taking, and shall account to the Licensee for all sums collected which accrued before the Licensor became so entitled to possession, deducting all expenses incident thereto, and all that may be due to it. These rights and remedies of the Licensor shall, in case of any default, if the Licensor shall so elect, apply only to the exchange or exchanges in which such default has occurred. The Licensor may also use the name of the Licensee to protect the Licensor's interests and to enforce the Licensor's rights hereunder, and the Licensee shall execute assignments in accordance herewith.

13. The contractual relations hereunder are personal to the Licensee, and any assignment or attempt to assign its rights hereunder or the lines established hereunder or any or either of them, by act of the party or operation of law, without the written consent of the Licensor, will be good ground for a cancellation hereof by the Licensor. The Licensee will keep and observe all the stipulations herein contained on its part to be kept and performed. Whenever the Licensor grants to others the rights for exchanges or any of its rights under Articles 5 and 6 hereof or for connecting lines or any other rights remaining to it, the stipulations hereof relating thereto shall be binding upon and inure to the benefit of such grantees, and the Licensor shall not be responsible for their acts or defaults. If the Licensor shall transfer to any party who shall agree to perform the stipulations hereof, its title to the telephones furnished and licensed hereunder and the patent rights under which they are licensed, and its then existing rights hereunder, the provisions hereof shall inure to the benefit of and be binding upon such party in respect of all things done or to be done after such assignment, as if it were named a party hereto, and the Licensor shall no longer be responsible hereunder.

254 14. The Licensee shall assume and pay any and all taxes, whether federal, state, county, municipal or other, which may be assessed for or on account of or by reason of the telephones furnished or business done hereunder, to whomsoever assessed.

15. The rights of the Licensee hereunder shall be perpetual, unless sooner determined as herein provided, and the territory hereinabove referred to as the territory of the Licensee is as follows, viz.:

The States of Louisiana, Mississippi and Tennessee; the State of Kentucky except the Counties of Boone, Campbell, Gallatis, Grant,

Kenton and Pendleton; the Counties of Gallatin, Hardin, Massac, Pope, Saline and White in the State of Illinois, and the Counties of Clark, Crawford, Dubois, Floyd, Gibson, Perry, Pike, Posey, Spencer, Vanderburg and Warrick in the State of Indiana; subject to the rights of The Cincinnati and Suburban Bell Telephone Company under its two agreements with the Licensee and The American Bell Telephone Company, dated August 31, 1905, and October 31, 1905, relating respectively to Bracken and Owen Counties in said State of Kentucky, and subject also to the rights of the Southern Bell Telephone and Telegraph Company under its agreement with the Licensee and The American Bell Telephone Company, dated January 6, 1906, relating to the Counties of Floyd, Johnson, Lawrence, Martin and Pike in said State of Kentucky.

16. Said license contracts, as now and heretofore in effect and as evidenced by this Memorandum, are hereby in all respects ratified and confirmed.

In witness whereof, the parties hereto have caused their
255 respective corporate seals to be hereto affixed and these presents to be subscribed in their names and behalf by their respective officers thereto duly authorized.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY,
By H. B. THAYER,
Vice President.

Attest:
[SEAL.] A. A. MARSTERS,
Secretary.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, INCORPORATED,
By W. T. GENTRY,
President.

Attest:
[SEAL.] A. MAUPIN,
Secretary.

A true copy.

[Seal of Cumberland Telephone & Telegraph Co., Incorporated.]

A. MAUPIN,
Secy.

(Here follows Exhibit B, Table of License Contract Service, marked page 256.)

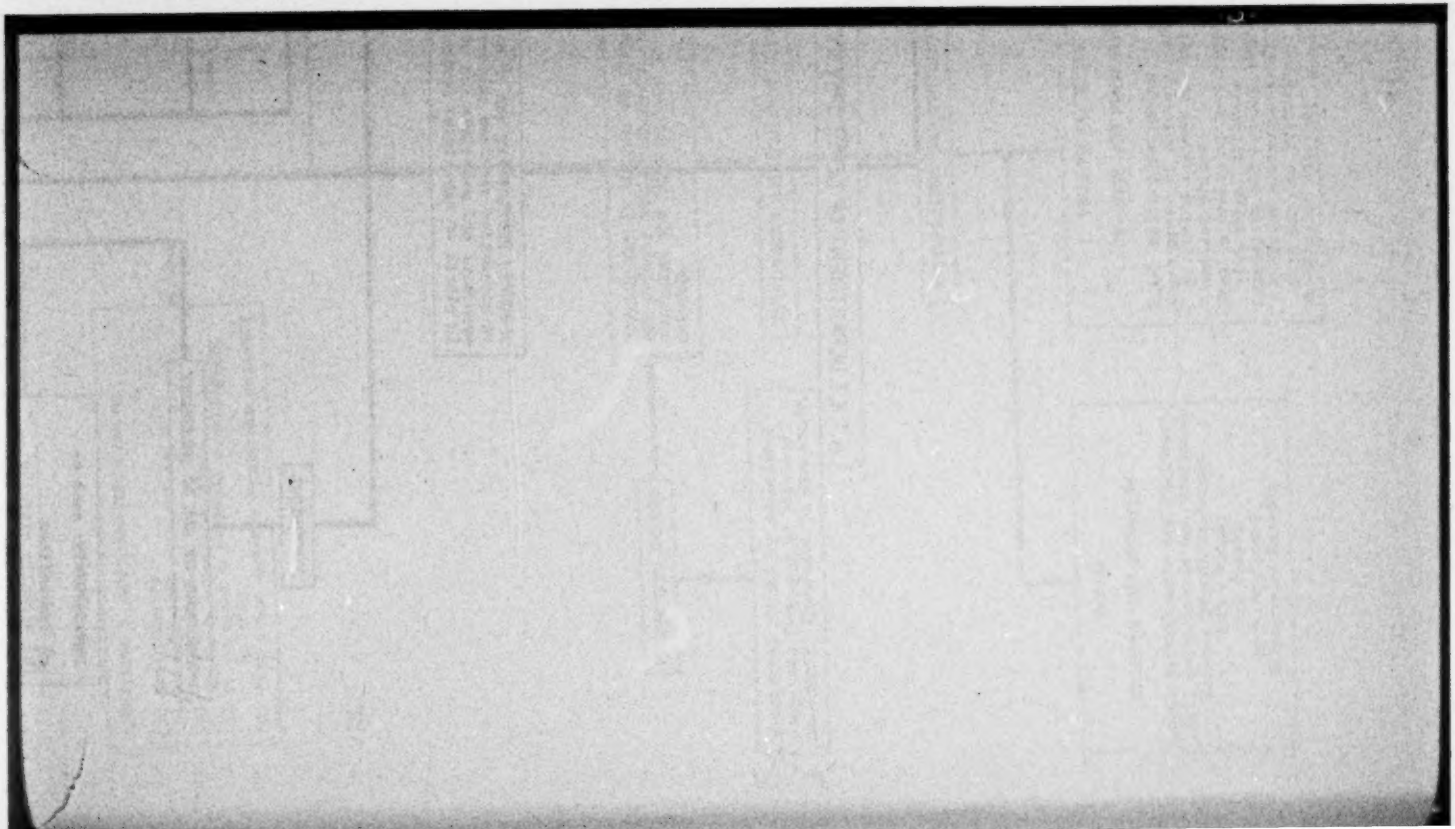
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257 In the United States Court for the Eastern District of Louisiana Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of Geo. J. Yundt.

STATE OF GEORGIA,
County of Fulton:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at large, George J. Yundt, who is personally known to me, and who being sworn deposes and says:

I reside at Atlanta, Georgia, and am Vice-President of the Cumberland Telephone & Telegraph Company.

I am an Electrical Engineer by profession, having received the degree of Bachelor of Science in Electrical Engineering from the Pennsylvania State College.

I have been continuously in the employ of the Cumberland Telephone & Telegraph Company for more than ten years, during seven years of said service having been Chief Engineer.

The Cumberland Telephone & Telegraph Company has a contract with the American Telephone and Telegraph Company, which contract is applicable and does apply to its business in the State of Louisiana.

Under this contract the Cumberland Telephone & Telegraph Company pays the American Company four and a half (4½) per cent of its revenues collected in Louisiana for telephone service originating in that state through or by the use of telephone instruments provided and maintained by the American Company, but makes no payments on other revenues of the Cumberland Telephone & Telegraph Company in that state.

258 Under this contract, the American Company furnishes and maintains telephone instruments and renders other services in connection with telephone service of the Cumberland Telephone & Telegraph Company in the State of Louisiana. The services covered by this contract are in large part covered by the following general outline:

1. Provision and maintenance of the means of or for transforming the sound waves of speech into corresponding electrical waves, commonly termed voice currents, and for also transforming such voice currents into corresponding speech. The means referred to here are known as the transmitter, the receiver and the induction coil, collectively known as telephone instruments, all of which are

fundamental and necessary to the transmission of speech by telephone, whether such service of transmission of speech by telephone be termed private lines, exchange or toll service.

2. Invention, design, arrangement and adaptation of apparatus and circuits:

(*a*) To improve the effects of speech upon, or the speech effects of, the electrical currents employed for speech transmission.

(*b*) To offset, to reduce or to eliminate losses of voice currents or losses in the effectiveness of those currents.

(*c*) To mitigate, to prevent or to overcome interference with voice currents and signaling currents due to electrical circuits adjacent to telephone circuits or due to other electrical disturbances.

(*d*) To amplify the voice currents, retaining the relative values of the characteristics or modifying the relative values of the characteristics of the voice currents as may be desired or necessary for the transmission of speech under the conditions existing or imposed.

(*e*) Joint and non-interfering simultaneous uses of the property for telephonic, telegraphic, or both purposes.

3. The right to use all patents covering telephonic devices, apparatus, methods and systems controlled by the American Company or under which it may be authorized to license the Cumberland Telephone & Telegraph Company.

4. Making useful and improving the usefulness of materials most readily obtainable; methods of producing materials desired in
259 the quantities needed and in the forms most useful, and at the lowest cost consistent with the desired results, in connection with the construction, maintenance and operation of telephone properties.

5. Development of the art of telephony, teaching the art, and development of the best methods of teaching the art to the workers employed for the purposes of constructing, maintaining and operating telephone properties in the furnishing of service.

6. Design and arrangement of central office equipments, and all other apparatus and equipments, to secure the best service results and lowest consistent total cost of operation, considering the average employee to be availed of for the operation and use of such apparatus and equipment and the devising of methods whereby the best results will be obtained, at the lowest reasonable cost, by the average employee obtainable to provide, maintain and to operate the lines and equipments used in the furnishing of telephone service.

7. Surveys of the present and future needs of communities for telephone service by classes of service desired and the preparation of fundamental plans according to which the physical property would be arranged and constructed over a period of future years,

or advice and assistance in connection with such surveys and on such fundamental plans.

8. Continuing research and development work for the discovery and development of plans, methods, assistance and ideas designed to further promote safety, economy and efficiency in the equipment, lines, construction and operation of the properties.

9. General advice and assistance as to general engineering, plant, traffic, operating, commercial, accounting, patent, legal, administrative and other matters pertaining to the efficient, economical and successful conduct of the business; by bulletins, circulars and periodical publications; by conferences; by visits for inspection and observation by representatives of the American Company; by conduct by it of schools for employees of the Cumberland Telephone & Telegraph Company. There is a constantly growing volume of general advice and assistance rendered of a specific nature as to particular matters and problems from time to time arising as well as to general matters which are part of or related to the operations and business of the Cumberland Telephone & Telegraph Company in the State of Louisiana.

10. These services extend to information and advice in connection with the design, construction and operation of the physical
260 property and of the conduct of the business of the Cumberland Telephone & Telegraph Company in connection with the furnishing of telephone service not only as to what may be wrong but as to what is wrong, where it is wrong and as to why it is wrong; but what is still of a higher order of service is that these services extend to what may be done and where and why to correct what is wrong, to avoid mistakes, and how to correct and improve what is wrong with the property, the business and the service of the Company.

While these services of the American Company are of great value to the Cumberland Telephone & Telegraph Company and of benefit to its patrons, they are not all susceptible of being separately and exactly evaluated. Of the important benefits to the Cumberland Telephone & Telegraph Company in its business in Louisiana that can be estimated or reasonably evaluated, the following show the reductions in investment, the reduction in yearly costs resulting from these reductions in investment, other reductions in yearly operating costs and increases in yearly revenues, that have been evaluated as of the year 1912:

Items.	Savings in investment.	Savings in yearly costs.
Telephone Transmitters, Receivers, and Induction Coils provided and maintained by A. T. & T. Company	$436,276	$85,527
Loading Coils on Physical Circuits	142,096	21,314
Loaded Phantom Circuits	96,574	14,486
Phantom Circuits—Copper	521,145	78,171
Pole Lines	339,108	61,039
High Efficiency Toll Cord Circuits	616,018	89,951
Telephone Repeaters	347,379	51,357
Superimposed Telegraph Revenue	.....	30,000
Improved Switchboard Cords	.....	19,348
Improved Types of Cable	109,832	14,497
Improved Sheath Alloys	17,541	2,315
Conduits	174,113	21,242
Insurance	.....	2,976
	$2,800,082	$492,223
Payment made to A. T. & T. Company in 1921		215,911
Net Savings		$276,312

By reason of said contract this Company has effected a saving in investment in physical property in the State of Louisiana, the cost of which would be as of the year 1921, $2,800,082, and that
261 by the saving in maintenance, taxes and interest charges due to this reduction in its said physical property, and by reason of other reductions in its operating expenses and by reason of additional revenues, the savings to the Company in its operating expenses in Louisiana during the year 1921 amounted to $492,223, from the above itemized services rendered by said American Company.

During the year 1921 this Company paid to said American Company under said contract the sum of $215,911, a sum greatly less than the sum of $492,223, above shown to be the savings to this Company during said year by reason of said contract.

The value of the services furnished by said American Company under said contract today, are greater than they were during the year 1921.

All of these and other services that have been, and are being, furnished by the American Company to the Cumberland Telephone & Telegraph Company under said contract have been and are being used effectively by the latter in connection with the provision, maintenance and operation of its physical property and in the development and conduct of its business in Louisiana, and its future property, service and business will be favorably affected by the services already furnished and to be furnished it as a continuing service under this contract with the American Company.

These services are fundamental to and are a necessary part of the telephone service furnished by the Cumberland Telephone & Telegraph Company in the State of Louisiana. Without these services of the American Company under this contract the present telephone service could not be furnished, as to character and scope, which telephone service is desired and freely used by the patrons of the Company in Louisiana. Were it possible for the Cumberland Telephone & Telegraph Company itself to perform the services rendered by the American Company it would then cost to furnish the telephone service greatly in excess of the present operating costs which include payments for services rendered by the American Company. Without these services being available and used in Louisiana only a lesser telephone service would be possible and costing as much or more than the operating costs of furnishing the present telephone service.

The Cumberland Telephone & Telegraph Company could not perform these services for itself with the forces and the revenues and expenses that it has in Louisiana nor could it for itself as a whole. These services can only be performed to like extent
262 and degree by one common general organization jointly supported by many large telephone companies.

Some of these services the Cumberland Telephone & Telegraph Company could perform for itself in the State of Louisiana but with no lesser operating costs than its present operating costs including the payments to the American Company for all services rendered by it. Other services it could not perform for itself at all, nor could anyone else.

By the very nature of the telephone business and of this contract the value of these services increases as the telephone service desired increases in volume and extent, as the property employed in furnishing the service desired increases in amount and cost and as the cost of operating the properties increases in furnishing the telephone service desired. The future need and future benefits of these services will become of greater importance as the telephone needs and the property used in serving these telephone needs increase in and between the communities served by the Cumberland Telephone & Telegraph Company in the State of Louisiana.

(Sd.) GEO. J. YUNDT.

Sworn to and subscribed before me this 8th day of June, 1922.

(Sd.) OTEY B. MITCHELL,
Notary Public, State at Large, Atlanta, Ga.

My Commission Expires Nov. 21, 1925.

263 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of J. M. B. Hoxsey.

STATE OF GEORGIA,
County of Fulton:

Western Electric Contract.

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at Large, J. M. B. Hoxsey, who is personally known to me, and who being sworn deposes and says:

I live at Atlanta, Georgia. I am First Vice-President of the Cumberland Telephone & Telegraph Company and am thoroughly familiar with the matters herein deposed to.

The Cumberland Telephone & Telegraph Company, under date of May 2, 1912, executed with the Western Electric Company a contract, which contract has since been changed from time to time in minor items, copy of said contract and changes being attached hereto and made a part of this affidavit, marked Exhibit "A," which contract is the only contract which the Cumberland Company has with the Western Electric Company.

Under said contract the Western Electric Company undertakes to furnish and sell to the said Cumberland Telephone & Telegraph Company certain supplies, materials and equipment which it manufactures, to purchase and deliver to said Cumberland Company other materials, supplies and such other articles as it may need, and to do certain warehousing for said Cumberland Company under the terms and conditions set forth in said contract.

264 Under this contract said Cumberland Company can at all times purchase such supplies, materials and equipment as it may desire from any manufacturing concern or supplier other than said Western Electric Company.

Since the execution of this contract by the Cumberland Company, I have made studies and investigations for that Company, in order to determine if said contract was profitable to that company, and if that company could by any other methods secure materials more cheaply from any other source or itself perform the warehousing at a less amount than that charged by the Western Electric Company, and have found that at all times said contract is of great value to the Cumberland Company, saving it annually large sums of money, both in cost of materials and in the cost of warehousing and handling same.

The Western Electric Company sells large quantities of materials, supplies and equipment to telephone companies other than the said Cumberland Telephone & Telegraph Company and Associated Bell Companies, making all sales to such independent telephone companies in direct competition with other telephone manufacturers.

From time to time I have compared the prices paid by said Cumberland Company to said Western Electric Company with the prices quoted by other manufacturers and suppliers and have found the prices paid the Western Electric Company to average materially less.

Such comparisons with prices charged by other telephone manufacturing concerns and with prices quoted by the said Western Electric Company to independent telephone companies have shown that the Cumberland Company has saved by reason of this contract from 18 to 40 per cent upon materials, supplies and equipment manufactured by said Western Electric Cmpany, and approximately 5 per cent upon articles not manufactured by said Western Electric Company but furnished the Cumberland Company by them under said contract.

The Cumberland Company derives from this contract a continuity of supply and uniformity and standardization and a high degree of quality upon all articles furnished under said contract, which of itself is of great value to the Cumberland Company.

Likewise this contract saves from the necessity of carrying large central stocks of supplies which would be of great cost to said Cumberland Company.

265 The services rendered by said Western Electric Company to said Cumberland Company under this contract are reasonable and necessary to the economical and efficient operation by said Company of its business; they are worth more than the amount paid for them by said Cumberland Company, and the said Cumberland Company cannot itself perform or obtain same or similar services elsewhere for less than, or the same amount which it pays the Western Electric Company.

(Signed) J. M. B. HOXSEY.

Sworn to and subscribed before me this 9th day of June, 1922.

(Signed) OTEY B. MITCHELL,

[SEAL.] *Notary Public, State at Large, Atlanta, Ga.*

My Commission Expires Nov. 21, 1925.

265a EXHIBIT "A."

Certified Copy of Standard Supply Contract Between Western Electric Company, Incorporated, and Cumberland Telephone & Telegraph Company, Incorporated.

265b Supplementary Agreements to Standard Supply Contract Between Western Electric Company, Incorporated, and Cumberland Telephone & Telegraph Company, Incorporated, from February 15th, 1922.

266 Western Electric Company, Inc.,
Telephone Department,
230 Lee St.,
Atlanta.

In reply refer to OW-DS-2-15-22.

J. Epps Brown,
President, Cumberland Tel. & Tel. Company,
Atlanta, Georgia.

DEAR MR. BROWN:

A preliminary study of our cost of handling returned material indicates that the cost this year of handling Class "C" material will be less than the 9% rate specified in the 6 (*a*) Supplementary Agreement.

Although our cost studies of the special services will not be completed for some little time, we are anxious to give the Telephone Companies at the earliest opportunity the benefit of any reduced cost, and we are therefore establishing a new rate of 7% on Class "C" material, effective on all credits issued on and after February 1st, 1922.

We will continue to study the costs of performing special services under the Supply Contract, with the idea of making such further changes in the remuneration rates as may be necessary to conform with our present costs.

Yours truly,
(Sd.) W. E. GATHRIGHT, *Manager.*

267 I hereby certify that the succeeding thirty-five printed and typewritten pages constitute a true and correct copy of the Standard Supply Contract, and addenda thereto, between the Western Electric Company, Incorporated, and Cumberland Telephone & Telegraph Company, Incorporated.

[Seal Cumberland Telephone & Telegraph Company, Incorporated.]

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, INCORPORATED.
A. MAUPER, *Secretary.*

268 Standard Supply Contract.

Class A Form.

Memorandum of agreement dated October 8th, 1920, between Western Electric Company, Incorporated, a corporation of the State of New York, hereinafter called the Electric Company, and Cumberland Telephone and Telegraph Company, Incorporated, a corporation of the State of Kentucky, hereinafter called the Telephone Company.

1. The Electric Company agrees to maintain warehouses at its present and future distributing points, and/or at such other places as may be mutually agreed upon.

2. The Electric Company agrees to purchase and to deliver to the Telephone Company, at the Electric Company's storerooms or other sources of supply, from time to time, supplies not of its own manufacture which are sold in the open market or can be secured from other suppliers and which the Telephone Company may reasonably require for its business, such supplies to be so delivered in such quantities, in such a manner, and at such times as the Telephone Company may reasonably designate.

3. The Telephone Company agrees to pay the Electric Company the cost to the Electric Company of the merchandise delivered to the Telephone Company under Section 2 hereof, and in addition to remunerate the Electric Company for its services as purchasing agent and storekeeper and on account of the investment required to so purchase and furnish said supplies, by the payment to the Electric Company of the following percentages on the cost of the articles delivered:

	When shipped from any storeroom of the Electric Co.	When shipped from any other point direct to the Telephone Co.
Hard Drawn Cooper Wire.....	5%	1%
Poles	....	4%
Stationery and Office Supplies..	15%	6%
Directories	....	1%
Other Merchandise under Sect. 2	8%	5%

The term "cost" as used in this section shall include the following:

(1) The net price which the Electric Company is obligated to pay the supplier after all allowances, discounts and commissions have been deducted;

(2) Expenses incurred by the Electric Company because of special technical services in connection with supplying aparatus or material manufactured by others;

(3) In case the Electric Company should purchase and furnish raw materials to mills manufacturing them into articles for the Tele-

phone Company, the reasonable carrying charges for such raw materials, including transportation charges, interest, taxes and insurance;

(4) Transportation charges which in whole or in part are treated by the supplier as a part of his net price to the Electric Company.

All other transportation charges, except cartage to the Electric Company's storerooms, shall be charged to the Telephone Company, but without the addition of the aforesaid percentages.

Cartage charges to the Electric Company's storerooms shall be borne by the Electric Company.

4. The Telephone Company shall be under no obligation to purchase any article manufactured by the Electric Company. It is, however, agreed that such articles manufactured by the Electric Company as the Telephone Company may order and the Electric Company furnish from time to time, shall be furnished, without the addition of any service charge, upon the terms hereinafter stated:

269 (*a*) Underground, aerial and submarine cable, except ocean submarine cable in which gutta percha or like substances are used, manufactured by the Electric Company, and shipped from factory, at the Electric Company's factory cost of such cable plus eight per centum (8%) at factory.

Factory cost shall include only the cost to the Electric Company of productive labor and materials and that portion of the Electric Company's overhead expenses properly assignable to manufacturing the cable.

(*b*) Other manufactures of the Electric Company, at prices as low as the Electric Company's prices, under comparable conditions, to its most favored customers in the United States which are in effect on the date of shipment.

5. The Electric Company shall not be required to deliver any apparatus, supplies or materials, or to procure, by manufacture or purchase, any unusual quantities of apparatus, supplies or material, or any special apparatus, except on the Telephone Company's written requisition, and the Telephone Company agrees that such unusual quantities of apparatus, supplies or material, or special apparatus procured by the Electric Company, shall be carried under the terms of the supplementary agreement between the parties, referred to in section 6(*b*) of this contract.

6. The Electric Company further agrees, upon the request of the Telephone Company, to undertake and perform, with due care and diligence, any or all of the following described special services (none of which is included in the undertakings of the Electric Company hereinabove described), for such remuneration as may be agreed upon from time to time:

(*a*) Receiving, storing and reissuing or disposing of any used apparatus, supplies and material returned by the Telephone Company;

(*b*) Carrying any special stock of any article which the Telephone Company may prescribe from time to time;

(*c*) Buying and inspecting chestnut, cypress and juniper poles;

(*d*) Operating a local repair and emergency shop;

(*e*) Receiving, storing and delivering telephones and transmitters;

(*f*) Maintaining a local stock of lead covered cable at the Electric Company's storeroom;

(*g*) Inspection of articles not made by the Electric Company;

(*h*) Cartage, except to the Electric Company's storerooms, on all new material other than lead covered cable manufactured by the Electric Company;

(*i*) Prepayment of transportation charges on shipments to the Telephone Company and taking up and adjusting claims with carriers;

(*j*) Installing switchboards and switchboard additions;

(*k*) Purchasing paper used by printers for directories and printed forms;

(*l*) Any special accounting or clerical work not ordinarily required of a purchasing agent;

(*m*) Any other services mutually agreed upon not hereinbefore in this contract described.

7. The Electric Company shall render monthly statements of account for all articles furnished and services rendered, which shall be due and payable thirty days after date of such monthly statements. If payment is deferred, the account shall thereafter bear interest at a reasonable rate.

8. The Telephone Company agrees that, in case it shall decide to purchase through or from others, merchandise which it has theretofore customarily purchased through or from the Electric Company, it will give the Electric Company reasonable notice of such intention on its part, and will relieve the Electric Company of any loss on account of any reasonable amount of stocks carried or ordered by the Electric Company prior to the receipt of such notice, in anticipation of the Telephone Company's requirements.

270 9. The Electric Company shall be liable under this contract only for direct damages arising from failure to exercise reasonable care and diligence in performing its obligations hereunder; and, in addition, as to any articles manufactured by the Electric Company, or specially inspected by it under Section 6(*g*) above, which prove to be defective, the Electric Company shall be obligated either to replace the same at its own expense or to take back and allow full credit therefor.

Articles to be replaced, shall be furnished F. O. B. factory or destination in accordance with delivery terms of the original shipment.

10. It is anticipated that modification of the percentage payments to be made under paragraph 3 hereof and of the remuneration provided for in paragraph 6 hereof, may be required to maintain them upon a basis that shall at all times be fair and just to both parties hereto. To provide for this contingency, it is agreed that upon the request of the president of either party hereto made to the president of the other, such presidents shall appoint a committee of one or more persons, who shall investigate the situation and report to both of said presidents in writing, with recommendations of the changes, if any, which are required in order to maintain such remuneration on a basis fair and just to both parties hereto.

11. Any question arising under this contract shall be referred for decision at the option of either party to such person or persons as the presidents of the two companies, parties hereto, may agree upon, and the decision of such person or persons, or of a majority thereof, shall be final and binding upon the parties hereto.

12. This contract shall become operative November 1, 1920 and shall remain in force thereafter until terminated by mutual agreement or by one year's notice in writing either party to the other, or by the termination of the license from the American Telephone and Telegraph Company to the Telephone Company or to the Electric Company.

In witness whereof, the parties hereto have caused these presents to be signed in their behalf by their respective officers thereunto duly authorized, and their corporate seals to be hereunto affixed the day and year first above written.

WESTERN ELECTRIC COMPANY,
INCORPORATED,

(Signed) By C. G. DU BOIS,
President.

Attest:
(Signed) GEO. C. PRATT,
[SEAL.] *Secretary.*

____ ____,

(Signed) By J. EPPS BROWN,
President.

Attest:
(Signed) A. MAUPIN,
[SEAL.] *Secretary.*

271 Section 2.

Supplementary Agreement to Standard Supply Contract.

Subject: Responsibility for Stocks.

Standard Supplementary Agreement Covering Section 2 of the Standard Supply Contract, Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. General.

To clearly define the Electric Company's responsibility for maintaining stocks as covered by Section 2 of the Standard Supply Contract, the following interpretation is agreed to.

2. Classification and Responsibility.

All stocks may be considered as coming under one of the following three classifications.

2.1. Class 1:

2.11. Apparatus or material which is standard to the Telephone Company and standard to the Electric Company. i. e. Western Electric apparatus manufactured under license from the American Telephone & Telegraph Company or approved by the American Telephone & Telegraph Company, and material not of Western Electric manufacture which is commercially standard.

2.12. The Electric Company will assume all responsibility for the maintenance of stocks of this class of material in reasonable quantities. The Telephone Company's estimate of future requirements will neither constitute an authorization by it, nor an obligation on the Electric Company's part to purchase more than a reasonable stock. It is not intended that the Electric Company will carry in stock central office switchboards or other standard apparatus which must be specially assembled for each job.

2.13. Section 8 of the Standard Supply Contract defines the Telephone Company's responsibility for such stocks in case it shall decide to purchase material of this class through or from others.

2.2. Class 2:

2.21. Material which is standard to the Telephone Company but special to the Electric Company. i. e. apparatus or material manufactured under the Telephone Company's own specifications, which is used regularly by the Telephone Company but not in general use by other customers of the Electric Company.

2.22. The Electric Company will, after having been advised by the Telephone Company in writing as to its initial requirements, stock material of this class in reasonable quantities without written authority for each purchase, but if the use of such material is abandoned, or reduced to such an extent as to result in an overstock in excess of any ordinary demands, the Telephone Company will at the end of a reasonable period relieve the Electric Company of the stock or reimburse it for any loss sustained in otherwise disposing of any reasonable quantity which it may have in its warehouse or for which it may be committed.

2.23. Section 8 of the Standard Supply Contract defines the Telephone Company's responsibility for such stocks in case it shall decide to purchase material of this class through or from others.

2.3. Class 3:

2.31. Material special to the Telephone Company and special to the Electric Company.

2.32. The Electric Company will purchase material of this class only upon the Telephone Company's written authorization. Such material shall be taken by the Telephone Company within thirty (30) days after it has been notified that it is subject to its order. If not, it shall thereafter be carried as "unusual special stock" under the Supplementary Agreement covering Section 6-(*b*) of the Standard Supply Contract.

272 3. Reasonable Stock.

A reasonable stock as referred to under the Standard Supply Contract and all supplementary agreements thereto, represents the Telephone Company's average requirements for ordinary construction and maintenance together with proper consideration for seasonal demands, condition of the market and length of time required to transport material from the main sources of supply to the Electric Company's warehouse.

4. Unusual and Storm Stocks.

The purchase of quantities of classes 1 and 2 material referred to in paragraphs 2.11 and 2.21 in excess of a reasonable stock, whether in anticipation of prospective future development, to secure favorable prices, or as protection against possible emergencies, such as fires or storms, shall be made only upon the specific written authorization of the Telephone Company, and shall be handled as specified in the supplementary agreement covering Section 6-(*b*) of the Standard Supply Contract.

5. Duration.

This agreement shall become effective on January 1st, 1922 and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective May 1st, 1914 covering Section 2 of the Standard Supply Contract effective June 1st, 1912.

WESTERN ELECTRIC COMPANY, INCORPORATED,
(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)
(Signed) By J. M. B. HOXSEY,
First Vice-President.

J. M. B. H.

273 Section 3.

Supplementary Agreement to Standard Supply Contract.

Subject: Simplified Billing for Stationery and Office Supplies.

Standard Supplementary Agreement Covering Section 3 of the Standard Supply Contract, Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. General.

To simplify the accounting for stationery and office supplies it is agreed that they shall be billed to the Telephone Company when they are received in the Electric Company's warehouse, and that no bills shall be rendered when shipment is made from the warehouse to the Telephone Company.

2. Remuneration.

Under this arrangement the Telephone Company carries the investment in this class of material while it is in the Electric Company's warehouse; the remuneration rate specified in Section 3 of the contract contemplates that the Electric Company shall carry an investment in warehouse stocks equal to sixty (60) days' requirements. It is therefore agreed that stationery and office supplies handled under this routine, shall be billed to the Telephone Company as specified in Section 3 of the contract, except that the remuneration rate applied to shipments from the Electric Company's warehouse shall be reduced by one percent (1%).

3. Duration.

3.1. This agreement shall become effective on January 1st, 1922 and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

3.2 This agreement replaces and cancels supplementary agreement executed by the parties hereto effective November 1, 1920 covering Section 3 of the Standard Supply Contract effective November 1, 1920.

WESTERN ELECTRIC COMPANY, INCORPORATED,

(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)

(Signed) By J. M. B. HOXSEY,
First Vice-President.

J. M. B. H.

274 Section 6-A.

Supplementary Agreement to Standard Supply Contract.

Subject: Returned Material.

Standard Supplementary Agreement Covering Section 6-(*a*) of the Standard Supply Contract, Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

1.1. Under Section 6-(*a*) of the Standard Supply Contract the Electric Company agrees to receive, store and reissue or dispose of apparatus or material returned by he Telephone Company in the following manner:

1.2. Delivery to Warehouse:

All transportation and cartage charges applying on all classes of material returned to the Electric Company's warehouses, sub-warehouses or other points designated by the Electric Company, are to be borne by the Telephone Company.

1.3. Inspection and Classification:

1.31. When received the Electric Company will divide material into the following classes, based on such visual inspection as can be given by experienced warehouse employees, such classification to be subject to the approval of the Telephone Company.

1.32. No other inspection is contemplated in the rates of remuneration specified in Section 4 of this agreement.

1.4. Class A:

1.41. Telephonic appliances of Western Electric Manufacture which the Telephone Company will not require within a reasonable time.

1.42. Large lots of Class "A" material may be returned by the Telephone Company direct from the field to Hawthorne.

1.43. Preliminary credit for such apparatus may be given at the Electric Company's allowance prices and after it has been delivered to a space set aside for this class of material, the Telephone Company shall have no further responsibility. Final credit for this class of material cannot be issued until the material has been shipped to Hawthorne and their report of classification received; if a preliminary credit is issued by the local house, it shall be subject to adjustment to agree with final report from Hawthorne.

1.5. Class B:

1.51. Material which is of no value except as junk.

1.52. When the actual value of returned Class "B" material is not fixed by immediate sale, preliminary credit for such material received at the Electric Company's warehouse, shall, if desired by the Telephone Company, be given at an allowance representing the approximate market value of junk of corresponding kinds.

Space shall be provided by the Electric Company for this material where it shall be kept until a sufficient quantity has accumulated to warrant disposition, when it will be sold and an adjustment made with the Telephone Company of the difference between the amount credited by the Electric Company and the actual net proceeds of the sale.

1.53. Large lots of Class "B" material which the Telephone Company desires disposed of through the Electric Company shall be returned by the Telephone Company direct from the field to the purchaser or to such other destination as directed by the Electric Company from time to time.

1.6. Class C:

Apparatus and material of active types for which there is a probable demand within a reasonable time.

1.7. Class D:

All switchboard cords and plugs returned to the Electric Company for stock, repairs to be made if necessary.

275 1.8. Class E:

1.81. Cable of the soft covered type known commercially as "Emergency Cable," which is to be held as Emergency Stock.

1.82. From the time material of this class is received at the Electric Company's warehouse, until it is shipped on the Telephone Company's requisition or otherwise disposed of, as authorized by the Telephone Company, it shall be carried as special emergency stock under the terms of the 6-(*b*) Supplementary Agreement.

1.9. Class F:

1.91. Active types of sub-station apparatus and material returned from the Telephone Company's Plant in the city in which retail distribution is performed by the Electric Company and which requires only recovery repairs.

1.92. If the demand for types of material which have been classified "F" should become less than the supply, the excess over a reasonable stock shall be classified "C" and be handled in the same manner as Class "C" material, the remuneration rates provided for Class "C" material to apply.

1.10. Class G:

1.101. All switchboard cords and plugs which are sent in by the Telephone Company to be repaired and returned immediately to the point from which they were sent.

1.102. Material of this class will neither be credited to the Telephone Company when received by the Electric Company nor billed to the Telephone Company when it is reshipped to the point from which it was sent.

1.11. Crediting:

1.111. Class C, D, E and F.—Material of these classes shall be credited to the Telephone Company at the price of corresponding new material, and will be reissued to the Telephone Company at the price allowed on the credit.

1.112. Class C and D—If material credited in accordance with paragraph 1.111 is not drawn from the Electric Company's warehouse within one year from the date of credit, it shall be subject to a carrying charge as covered in paragraph 4.9 until it has been shipped to the Telephone Company or otherwise disposed of as authorized by the Telephone Company, the responsibility for the ultimate disposition of such material being with the Telephone Company.

1.113. Credit shall not be rendered to the Telephone Company for any class of material returned direct by the Telephone Company to Hawthorne or other purchaser until the Electric Company (Distributing House) has obtained final credit.

1.114. The Electric Company shall render monthly statements of account of all credits to the Telephone Company, which shall be due and payable thirty (30) days after date of such monthly statements. If payment is deferred the account shall thereafter bear interest at a reasonable rate.

2. Repairs.

Necessary repairs to Class "C," "D," "E," "F" and "G" material shall be made under the terms of the Supplementary Agreement covering Section 6-(*d*) of the Standard Supply Contract and the cost of repairs shall be billed to the Telephone Company separately.

3. Insurance.

3.1. For insurance purposes, Class "C," "D," "E" and "F" material in the Electric Company's ware house shall be valued at 50% of the current new value of similar material, and the Electric Company shall insure on a basis of 80% of this valuation.

3.2. In case of loss by fire, the Telephone Company shall reimburse the Electric Company in an amount equal to the difference between such insurance as the Electric Company may be able to col-

lect on the Class "B," "C," "D," "E" and "F" material so lost and the amount credited the Telephone Company by the Electric Company for such material.

4. Remuneration.

For performing the services described in the foregoing, the Electric Company will bill the Telephone Company monthly as follows:

276 4.1. Class A.—For receiving, classifying, delivering to proper space in the warehouse, crediting and keeping records. —3% of the value of all Class A material received at the warehouse and credited during the month.

4.2. Class B.—For receiving, classifying, crediting, keeping records, storing, selling and handling from the time it is received in the warehouse until it has been disposed of.—4% of the selling price of Class B material sold from the warehouse during the month.

4.3. Class C.—For receiving, classifying, crediting, keeping records, storing for a period not to exced one year and reissuing or disposing of.—9% of the value of all material credited as Class C during the month.

4.4. Class D.—For receiving, storing for a period not exceeding one year and reissuing or disposing of.—4% of the value of all material credited as Class D during the month.

4.5. Class E.—For all warehouse expense necessary to receive, handle and ship, or otherwise dispose of. For all clerical expense necessary to issue credit, keep records, render bills and other accounting.—1% of the value of all material received at the warehouse and credited as Class E during the month.

For interest on investment, floor space, insurance and taxes.—8% per annum on the average monthly investment from the time it is received until it is shipped or otherwise disposed of as authorized by the Telephone Company.

4.6. Class F.—For receiving, classifying, crediting, keeping records, storing for a reasonable period, and reissuing or otherwise disposing of it.—5% of the value of all material received at the warehouse and credited as Class F during the month.

4.7. Class G.—For receiving, handling and reshipping.—$1.00 per 100 cords and plugs received at the warehouse during the month and classified as G.

4.8. Direct Shipment.—For keeping records and issuing credit for all classes of material which is returned direct from the Telephone Company to Hawthorne or other purchaser.—1% of the value of such material credited during the month.

4.9. Carrying Charge.—For carrying Class "C" and "D" material after it has been in the possession of the Electric Company for one

year.—8% per annum of the average monthly investment in such material.

5. Duration.

5.1. This agreement shall become effective on January 1st, 1922 and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

5.2. This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective July 1, 1920 covering Section 4-(*a*) of the Supply Contract effective September 1st, 1916.

WESTERN ELECTRIC COMPANY, INCORPORATED,

(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)

(Signed) By J. M. B. HOXSEY,
First Vice President.

JMBH.

277 Section 6-B.

Supplementary Agreement to Standard Supply Contract.

Subject: Special Stocks.

Standard Suplementary Agreement Covering Section 6-(*b*) of the Standard Supply Contract Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

Under Section 6-(*b*) of the Standard Supply Contract the Electric Company agrees to purchase and carry, in addition to the reasonable stocks regularly provided, such special stocks as the Telephone Company may authorize, or as may accumulate, upon the following terms:

2. Classification.

2.1. All materials classified under the Supplementary Agreement covering Section 2 of the Standard Supply Contract, in excess of a reasonable stock, are termed Special Stocks and are of two kinds:

2.11. Unusual Stocks.—Quantities in excess of a reasonable stock, authorized by the Telephone Company for a special reason, such as to secure a favorable price, in anticipation of prospective future development, or as protection against storms.

2.12. Emergency Stock.—Central Office Equipments, authorized by the Telephone Company to be held indefinitely for emergency purposes.

2.2. Such Special Stocks will be carried by the Electric Company in such quantities and for such time as the Telephone Company may authorize.

3. Remuneration.

For carrying Special Stocks as described above the Electric Company will bill the Telephone Company monthly at the rate of 8% per annum on the average investment in this class of material; this charge to begin thirty (30) days after the material has been paid for by the Electric Company and to continue until, upon the Telephone Company's authority, the Electric Company takes it, in reasonable quantities into its general stock, or otherwise disposes of it.

4. Duration.

4.1. This agreement shall become effective on January 1st, 1922, and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

4.2. This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective May 1st, 1914, covering Section 4-(*b*) of the Standard Supply Contract effective June 1st, 1912.

WESTERN ELECTRIC COMPANY,
INCORPORATED,
(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)
(Signed) By J. M. B. HOXSEY,
First Vice President.

JMBH.

278 Section 6-C.

Supplementary Agreement to Standard Supply Contract.

Subject: Poles

Standard Supplementary Agreement Covering Section 6-(*c*) of the Standard Supply Contract, Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

1.1. Under Section 6-(*c*) of the Standard Supply Contract the Electric Company agrees to contract for, purchase for direct delivery to the Telephone Company, or accumulate at landing yards established at convenient points, such Chestnut, Cypress, Juniper and Maine Cedar Poles as are sold in the open market or can be secured from other sources of supply, as the Telephone Company may reasonably require, delivery to be made in such quantities, in such a manner and at such times as the Telephone Company may reasonably designate.

2. Remuneration.

2.1. Shipments Direct from the Field:

The Electric Company will bill poles shipped direct from the field at cost plus an established rate per pole (covered in Appendix "A" to this agreement), classified "Buying and Inspecting"—To the total thus obtained the contract remuneration rate as covered in Section 3 of the Standard Supply Contract will be added.

2.2. Shipments from Landing Yards:

The Electric Company will bill poles shipped from Landing Yards on the same basis as shipments direct from the field, except that on poles shipped from yards actually operated or supervised by the Electric Company, an additional charge will be made (without the addition of the contract remuneration rate) at an established rate per pole (covered in Appendix "B" to this agreement) classified "Yard Expense" to cover interest on the Electric Company's investment freight or haulage if any, and the cost of operating the yards.

2.3. Adjustment of Charges under Appendix "A":

The established rate for "Buying and Inspecting" will be reviewed annually and revised if necessary and an adjustment bill or credit (to which the contract remuneration will be added) will be rendered by the Electric Company for the difference between the amount charged at the established rates and the Electric Company's actual cost. The established rate for "Yard Expense" will be revised

when warranted by changes in cost but no adjustment of past billing will be made.

2.4. Transportation Charges:

2.41. All transportation charges other than those included in the Electric Company's cost as covered in Paragraph 4 of Section 3 of the Standard Supply Contract will be paid by the Telephone Company, or if paid by the Electric Company charged to the Telephone Company but without the addition of the contract remuneration.

2.42. Interest on money advanced by the Electric Company for prepaid transportation charges will be billed to the Telephone Company under the terms of the Supplementary Agreement to Section 6-(*i*) of the Standard Supply Contract.

3. Duration.

3.1. This agreement shall become effective on January 1st, 1922, and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

279 3.2. This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective May 1st, 1914, covering Section 4-(*k*) of the Standard Supply Contract effective June 1st, 1912.

WESTERN ELECTRIC COMPANY,
INCORPORATED,
(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)
(Signed) By J. M. B. HOXSEY,
First Vice President.

JMBH.

280 Section 6-C.

Supplementary Agreement to Standard Supply Contract.

Subject: Poles.

Appendix—A.

In accordance with Paragraphs 2.1 and 2.2 of the 6-(*c*) Standard Supplementary Agreement the Electric Company will bill the Telephone Company as follows:

For Buying and Inspecting—Chestnut, Cypress, Juniper and Maine Cedar Poles $.50 per pole.

The charge for Buying and Inspecting will be shown on the Electric Company's bill to the Telephone Company as a separate item covering the total number of poles billed on each invoice.

Effective January 1st, 1922.
Replacing issue of —— —, ——.

281 Section 6-C.

Supplementary Agreement to Standard Supply Contract.

Subject: Poles.

Appendix—B.

In accordance with Paragraphs 2.1 and 2.2 of the 6-(*c*) Standard Supplementary agreement the Electric Company will bill the Telephone Company as follows:—

For Yard Expense on Chestnut Poles..... $.50 per pole

The charge for Yard Expense will be shown on the Electric Company's bill to the Telephone Company as a separate item covering the total number of poles billed on each invoice.

Effective January 1st, 1922.
Replacing issue of —— —, ——.

282 Section 6-D.

Supplementary Agreement to Standard Supply Contract.

Subject: Repair Shop.

Standard Supplementary Agreement Covering Section 6-(*d*) of the Standard Supply Contract, Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

Under Section 6-(*d*) of the Standard Supply Contract the Electric Company agrees to operate Local Repair Shops equipped to do the ordinary class of repairs to apparatus and material and to perform such emergency service as is required by the Telephone Company.

2. Remuneration.

2.1 As far as possible standard repairs will be charged at agreed on flat prices, computed as described in paragraph 2.2; these prices to hold good until changes in costs of material and labor make a revision necessary.

2.2 For any work not covered by standard prices, the Electric Company will charge on the following basis:

Material.—At prices established under Section 3 of the Standard Supply Contract.

Productive Labor.—At actual cost.

Loading.—40% of productive labor to cover—

Shop Expense.
General and Local Supervision.
Interest on Investment.

3. Duration.

3.1. This agreement shall become effective on January 1st, 1922, and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

3.2. This agreement replaces and cancels the Supplementary Agreement executed by the parties hereto effective July 1st, 1920, covering Section 4-(*d*) of the Supply Contract effective September 1st, 1916.

WESTERN ELECTRIC COMPANY, INCORPORATED,
(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company)

Signed) By J. M. B. HOXSEY,
First Vice President.

J. M. B. H.

283 Section 6-E.

Supplementary Agreement to Standard Supply Contract.

Subject: American Telephone and Telegraph Instruments.

Standard Supplementary Agreement Covering Section 6-(*e*) of the Standard Supply Contract, Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

1.1 Under Section 6-(*e*) of the Standard Supply Contract the Electric Company agrees to receive, store, deliver and keep records of American Telephone and Telegraph Instruments, on the following terms:

1.2. The Electric Company will also, if required by the Telephone Company, mount new American Telephone and Telegraph Instru-

ments, on apparatus and switchboards and dismount American Telephone and Telegraph Instruments from returned apparatus and switchboards.

2. Remuneration.

2.1 Receiving:

The Electric Company will make no charge to the Telephone Company under this agreement for the expense of receiving and delivering returned instruments to the American Telephone and Telegraph Distributing Station, as this expense is covered in the remuneration rates for Returned Material under Supplementary Agreement to Section 6-(*a*) of the Standard Supply Contract and shall be billed to the Telephone Company monthly under that agreement.

2.2. Storing, Delivering and Keeping Records:

2.21. The Electric Company will make no charge to the Telephone Company for the expense incidental to storing, shipping and keeping records from the time returned instruments are delivered to the Distributing Station.

2.22. The Electric Company will make no charge to the Telephone Company for the expense incurred in connection with the handling of new American Telephone and Telegraph Instruments, except for mounting as covered in paragraph 2.3.

2.3. Mounting or Dismounting Instruments:

The expense of mounting new American Telephone and Telegraph Instruments on apparatus and switchboards and dismounting American Telephone and Telegraph Instruments from returned apparatus and switchboards shall be borne by the Telephone Company and shall be billed to it monthly under Supplementary Agreement to Section 6-(*d*) of the Standard Supply Contract.

3. Duration.

3.1. This agreement shall become effective on January 1st, 1922 and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

3.2. This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective May 1st, 1914 covering Section 4-(*e*) of the Supply Contract effective June 1st, 1912.

WESTERN ELECTRIC COMPANY,
INCORPORATED,

(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)

(Signed) J. M. B. HOXSEY,
First Vice President.

J. M. B. H.

284 Section 6-F.

Supplementary Agreement to Standard Supply Contract.

Subject: Lead Covered Cable Carried in Warehouse Stock.

Standard Supplementary Agreement Covering Section 6-(*f*) of the Standard Supply Contract Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

1.1. The Electric Company agrees to maintain a reasonable local stock of new lead covered cable for ordinary construction and maintenance purposes and such cable as the Telephone Company may return, on the following terms:

1.2. Actual loss on short lengths of new or returned cable caused by the Telephone Company's orders for less than full reels shall be borne by the Telephone Company.

1.3. Empty reels and lags may be returned to the Electric Company's warehouse or direct from the Telephone Company to the Electric Company's factory at Hawthorne.

1.4. Stocks of cable authorized by the Telephone Company to be held for emergency purposes or unusual stocks, shall be carried under the terms of the 6-(*b*) Supplementary Agreement.

1.5. Returned Cable:

1.51. Cable fit for reuse returned by the Telephone Company shall be placed in stock and credit given the Telephone Company at current prices of new cable of corresponding type. It shall be billed the Telephone Company when shipped at the price credited.

1.52. Returned cable which has been on hand for one year shall be subject to a carrying charge until it has been shipped to, or otherwise disposed of, by the Telephone Company.

1.53. Returned cable which has been on hand less than one year and is junked on authority of the Telephone Company shall then be reclassified "B" and handled under the 6-(*a*) Supplementary Agreement, the remuneration rate provided for Class "B" material to apply.

2. Remuneration.

2.1. The Electric Company will bill all new cable shipped from its warehouses at the direct shipment rate above factory cost as specified in Section 4 of the Standard Supply Contract, plus special service remuneraton as covered in paragraph 2.3, plus transportation charges from the factory and cartage charges to the Electric Company's warehouse.

2.2. For performing the services described in Section 1, the Electric Company will bill the Telephone Company as follows:

2.3. 5% of the billing price of all new and returned cable shipped from warehouse stock, including emergency and unusual stocks carried under Section 6-(*b*) of the contract and including the value of reels and lags.

2.4. 5% of the credit price of cable returned to the warehouse, including the value of reels and lags.

2.5. For carrying returned cable which has been on hand for one year, the Electric Company shall charge the Telephone Company monthly at the rate of 8% per annum on the average investment in such cable, including the value of reels an lags.

2.6. Empty reels returned to the warehouse shall be subject to the rates of remuneration specified in paragraphs 2.3, 2.4 and 2.5 of this agreement.

2.7. To cover the clerical expense in connection with empty reels and lags returned from the Telephone Company direct to Hawthorne, the Electric Company will bill the Telephone Company 1% of the amount of the credit for such reels and lags.

285 2.8. The remuneration specified in paragraphs 2.3, 2.4, 2.5, 2.6 and 2.7 of this agreement, may be applied on each bill or credit rendered by the Electric Company for such material or included in a monthly special bill, at the option of the Telephone Company.

3. Duration.

3.1. This agreement shall become effective on January 1st, 1922 and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

3.2. This agreement replaces and cancels the Supplementary Agreement executed by the parties hereto effective July 1st, 1920 covering Section 3-(*b*) of the Supply Contract effective September 1st, 1916.

WESTERN ELECTRIC COMPANY,
INCORPORATED,

(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)

(Signed) By J. M. B. HOXSEY,
First Vice President.

J. M. B. H.

286 Section 6-G.

Supplementary Agreement to Standard Supply Contract.

Subject: Inspection.

Standard Supplementary Agreement Covering Section 6-(*g*) of the Standard Supply Contract Effective November 1, 1920, Between Western Electric Company, Inc., and Cumberland Telephone & Telegraph Company, Incorporated.

1. Service.

Under Section 6-(*g*) of the Standard Supply Contract the Electric Company agrees to inspect such material not of Western Electric manufacture as the Telephone Company may designate; the American Telephone and Telegraph Company's General Engineering Circular 905 dated June 3rd, 1919 as reissued or modified to serve as the basis for determining whether or not inspection is required.

2. Remuneration.

2.1. For performing the service described in Paragraph 1 the Electric Company wil bill the Telephone Company at standard rates as covered in Appendices "A" and "B" to this agreement. Other appendices covering special inspections will be issued from time to time as necessary. These rates are based on the Electric Company's cost of performing this service and are subject to revision when warranted by changes in cost.

2.2. Inspection charges are not subject to the contract remuneration rates specified in Section 3 of the Standard Supply Contract but will be included in the price of the material shipped from any storeroom of the Electric Company, or will be shown as a separate item if material is shipped from any other point direct to the Telephone Company.

3. Duration.

3.1. This agreement shall become effective on January 1, 1922 and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

3.2. This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective June 1, 1920 covering Section 4 G of the Supply Contract effective September 1, 1916.

WESTERN ELECTRIC COMPANY, INCORPORATED,

(Signed) By W. E. GATHRIGHT,

Manager Atlanta Distributing House.

Accepted: CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,

(Name of Telephone Company.)

(Signed) By J. M. B. HOXSEY,

J. M. B. H. *First Vice President.*

287 Section 6-G.

Supplementary Agreement to Standard Supply Contract.

Subject: Inspection.

Appendix—A.

Inspection of all material not of Western Electric manufacture for the Telephone Company will be billed to it at the following standard percentage rates (except material not of Western Electric manufacture furnished with Central Office Equipments) which will be billed in accordance with appendix "B" to this agreement, and other special inspections which will be billed in accordance with subsequent appendices issued from time to time.

All active items on which inspection is required have been divided into six groups, representing the principal classes of material inspected.

Standard percentage rates have been established for each group, which when applied by the Western Electric Distributing Houses to the net value of the material, will represent its charge against the Telephone Company for inspection.

The proper group under which any item shall be classified may be readily determined by reference to the group titles.

Group number.		Standard percentage rate.
1.	Bare Hard Drawn Copper Line Wire and Ties.....	.2
2.	All other bare wire, ties, insulated wire, cable and strand	.6
3.	Creosoted Pine Poles and Stubs—	
	Supplied from the Beaumont plant of the International Creosoting & Construction Co.	4.
	Supplied from all other sources	6.
4.	All other timber products for outside construction..	4.
5.	All other material not of Western Electric manufacture	2.
6.	Butt treatment of Cedar Poles	2.5

The above rates have been in effect since March 1st, 1921, except the rate for Group 6 which became effective December 1st, 1921, and will be continued in effect until further notice.

Dated, January 1st, 1922.

288 Section 6-G.

Supplementary Agreement to Standard Supply Contract.

Subject: Inspection.

Appendix—B.

Inspection of all material not of Western Electric Manufacture furnished with Central Office Equipments will be billed to the Telephone Company at the following standard rates.

General Electric Telephone Machines and associated apparatus at standard flat rates per machine, as follows:

	Unit inspection charge.
Charging generators M-1 to M-5 inclusive	$12.00
" " M-5½ to M-10 "	20.00
" " M-11 to M-15 "	40.00
" sets M-1 to M-5 inclusive	22.00
" " M-5½ to M-10 "	36.00
" " M-11 to M-15 "	60.00
Extra Generator Armature M-1 to M-5 inclusive	5.00
" " " M-5½ to M-10 "	8.00
" " " M-11 to M-15 "	15.00
Belted Ringing Machines or Dynamotors	10.50
Direct Connected ringing sets	17.50
Duplex Motors (1/12 or 1/16 H. P.)	2.00

The above prices for inspection include inspection of miscellaneous G. E. Co. equipment when furnished on the same order as, and for use with machines for which the "Unit Inspection charge" is made, such as

Commutators
Brushes
Brush Holders
Rheostats
Voltage Regulators
Speed Regulators
Starters
Starting Boxes
Brush Filing Jigs
Interrupters
Interrupter Rings

Inspection of all Central Office Equipment supplied by the International Telephone Sales and Engineering Corporation will be billed to the Telephone Company at the Eelectric Company's actual cost.

Inspection of all other material not of Western Electric manufacture, furnished with Central Office Equipments, has been divided into two classes and will be billed to the Telephone Company at the following standard percentage rates applied to the net value of the material:

Class of material.	Standard percentage rate.
A. Storage Batteries, Gas Engines, Power Wire, Conduit and Fittings	.5
B. All other material not of Western Electric Manufacture furnished with Central Office Equipments, except as otherwise provided in this Appendix.	2.

The above flat rates on General Electric Telephone Machines and associated apparatus have been in effect since August 1920. All other rates covered in this Appendix will become effective January 1st, 1922 and will be continued in effect until further notice.

Dated, January 1st, 1922.

289 Section 6-H.

Supplementary Agreement to Standard Supply Contract.

Subject: Cartage.

Standard Supplementary Agreement Covering Section 6-(*h*) of the Standard Supply Contract Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

Under Section 6-(*h*) of the Standard Supply Contract the Electric Company agrees to handle the trucking of outgoing material from its warehouse to the proper freight terminal or other points designated by the Telephone Company, and incoming returned material from the freight terminals or other points to its warehouses.

2. Remuneration.

For performing the services described in paragraph 1 the Electric Company will bill the Telephone Company monthly for the actual cost of truck hire, plus 10% to cover general and local supervision and incidental expense.

3. Duration.

3.1. This agreement shall become effective on January 1st, 1922, and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

3.2. This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective May 1st, 1914, covering Section 4-(*h*) of the Supply Contract effective June 1st, 1912.

WESTERN ELECTRIC COMPANY, INCORPORATED.

(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)

(Signed) By J. M. B. HOXSEY,
First Vice-President.

J. M. B. H.

290 Section 6-I.

Supplementary Agreement to Standard Supply Contract.

Subject: Transportation Charges.

Standard Supplementary Agreement Covering Section 6-(*i*) of the Standard Supply Contract Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

Nnder Section 6-(*i*) of the Standard Supply Contract the Electric Company agrees to prepay transportation charges on shipments to the Telephone Company, and to enter and adjust claims with carriers.

2. Remuneration.

For performing this service the Electric Company will bill the Telephone Company monthly as follows:

2.1. $350.00 to cover the general and local expense incurred in prepaying transportation charges.

2.2. Interest for forty-five days on the total amount advanced during the month for prepaid transportation charges on shipments to the Telephone Company.

2.3. $4.50 per claim to cover general and local supervision, also Distributing House and General Traffic Department expense incurred in adjusting claims for shortage and damage including interest on the investment in such claims.

3. Duration.

3.1. This agreement shall become effective on January 1st, 1922, and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

3.2. This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective July 1st, 1920, covering Section 4-(*i*) of the Supply Contract effective September 1st, 1916.

WESTERN ELECTRIC COMPANY, INCORPORATED.

(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)

(Signed) By J. M. B. HOXSEY,
First Vice-President.

J. M. B. H.

291 Section 6-K.

Supplementary Agreement to Standard Supply Contract.

Subject: Purchasing Paper for Printed Forms and Directories.

Standard Supplementary Agreement Covering Section 6-(*k*) of the Standard Supply Contract Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

1.1. Under Section 6-(*k*) of the Standard Supply Contract, the Electric Company agrees to contract for or purchase for delivery to printers, such newsprint and other grades of paper as are sold in the open market or can be secured from other sources of supply, the quantity to be such as may reasonably be required for use in the manufacture of printed forms and directories furnished by the Electric Company to the Telephone Company under the above contract, deliveries to be made in such quantities, in such a manner and at such times as will meet the Telephone Company's reasonable requirements.

1.2. Clerical Work and Records:

1.21. The Electric Company will perform such clerical work as is necessary to order paper from the suppliers, secure delivery as required by the printers, pay the suppliers' bills, render bills to the printers (paper for printed forms to be billed to the printers at ex-

tablished standard costs as covered in printing contracts, paper for directories to be billed at actual cost) and keep the necessary purchase and delivery records.

1.22. The Electric Company will charge or credit the Telephone Company for any differences between the actual cost of paper used for printed forms and the standard cost as billed to the printer. Corresponding adjustments of remuneration will be made at the same time by adding remuneration to each charge or credit, but since it is impossible to determine when the paper is purchased, whether the printed forms will be for direct or stock shipments, the remuneration rate to be applied to these adjustments will be an average of the direct and stock rates as specified in Section 3 of the Standard Supply Contract.

1.23. If the Telephone Company is operating under the simplified billing plan as covered in Supplementary Agreement to Section 3, the resultant reduction in remuneration will be taken into consideration when figuring this average.

1.3. Investment:

The rates of remuneration prescribed in paragraphs 2.11 and 2.12 contemplate the carrying by the Electric Company of the receivable investment in paper billed to the printer for a period not to exceed sixty days. If it is necessary to extend this period due to the Telephone Company having held up or extended delivery schedules on authorized work in process, the Telephone Company agrees to pay carrying charges to the Electric Company until such time as the Electric Company's bills are paid by the printer.

2. Remuneration.

2.1. For performing the services described in Paragraph 1, the Electric Company will bill the Telephone Company as follows: this charge will be made by adding to adjustment bills or deducting from adjustment credits as referred to in Paragraph 1.2.

2.11. For newsprint paper 1% of the Electric Company's actual cost of paper.

2.12. For all other grades of paper 2% of the Electric Company's actual cost of paper.

3. Special Terms and Conditions.

The rates specified in paragraphs 2.11 and 2.12 will remain in effect until a revision is warranted by changes in the Electric Company's cost. These rates are based on the Electric Company's expense of performing the functions mentioned in Section 1, and do not cover any possible loss or damage, such as the default of the printer in the payment of the Electric Company's account or a loss due to imperfect paper furnished which cannot be collected from the manufacturer of the paper.

292 4. Duration.

4.1. This agreement shall become effective on January 1st, 1922, and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other. If the agreement is terminated the Telephone Company shall assume the Electric Company's obligations for paper contracted for pursuant to this agreement, at the date of termination.

4.2. This agreement replaces and cancels Supplementary Agreement executed by the parties hereto effective November 1st, 1920, covering Section 4-(*k*) of the Supply Contract effective November 1st, 1920.

WESTERN ELECTRIC COMPANY, INCORPORATED,
(Signed) By W. E. GATHRIGHT,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)
(Signed) By J. M. B. HOXSEY, *First Vice-President.*
J. M. B. H.

293 Section 6-L.

Supplementary Agreement to Standard Supply Contract.

Subject: Special Accounting or Clerical Work Not Ordinarily Required of a Purchasing Agent.

Auditing Freight and Express Bills.

Standard Supplementary Agreement Covering Section 6-(*l*) of the Standard Supply Contract Effective November 1st, 1920, Between Western Electric Company, Inc., and Cumberland Telephone and Telegraph Company, Incorporated.

1. Service.

Under Section 6-(*l*) of the Standard Supply Contract the Electric Company agrees to audit for rate and classification, all bills for freight or express paid by the Telephone Company, and to make proper adjustments with the Transportation Companies.

2. Remuneration.

The Electric Company will bill the Telephone Company monthly its cost of performing this service. Cost to include:

Labor.
An allowance of 25% on all labor to cover general and local supervision and incidental expense.

3. Duration.

3.1. This agreement shall become effective on January 1st, 1922, and may be altered by mutual consent or terminated upon ninety (90) days' notice in writing from either party to the other.

3.2. This agreement replaces and cancels the Supplementary Agreement executed by the parties hereto effective May 1st, 1914, covering Section 4-(*j*) of the Supply Contract effective June 1st, 1912.

WESTERN ELECTRIC COMPANY, INCORPORATED.

(Signed) By J. M. B. HOXSEY,
Manager Atlanta Distributing House.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH CO., INCORPORATED,
(Name of Telephone Company.)

(Signed) By J. M. B. HOXEY,
First Vice-President.

J. M. B. H.

294 *Supplementary Agreement (Section 4-K) to the Standard Supply Contract Between Cumberland Telephone & Telegraph Company and Western Electric Company, Atlanta House.*

I. Scope.

Whereas it is advantageous to both the Western Electric Company and the Telephone Company that the manufacturer's responsibility for the operative conditions of switchboard equipment when installed and ready for use shall be single and undivided; and

Whereas such single and undivided responsibility can best be brought about by having such switchboard equipment installed by the manufacturer of the equipment; now

Therefore the Western Electric Company agrees that it will make installations coming within the terms of this agreement for the Telephone Company of switchboards and switchboard additions manufactured by the Western Electric Company at cost as hereinafter defined for such installation work and without profits.

In consideration of the Western Electric Company's doing such installation work at cost, the Telephone Company hereby agrees that it will employ the Western Electric Company to install for the Telephone Company:

1. All new multiple switchboards of its manufacture,

2. All additions of one section or more to multiple switchboards,

3. All other additions and changes estimated to cost $1,000 or more,

Provided, however, that in such special cases as it may seem desirable to the President or Vice-President of the Telephone Company, exceptions may be made to the above provisions, and

Whereas the foregoing arrangement provides for the Western Electric Company's doing the great bulk of the Telephone Company's switchboard installation work on account of the economies and other advantages resulting from such an arrangement,

Now therefore the Western Electric Company further agrees that if the Telephone Company wishes it to install switchboards of other manufacture than the Western Electric Company either purchased through the Western Electric Company or otherwise the Western Electric Company will install such switchboards under the terms and provisions of this contract.

295 II. Plans under Which Work Will be Undertaken.

The installation of all such equipment will be undertaken under any one of the following plans which the Telephone Company may elect.

(*a*) Contract in advance for the installation of any equipment covered by complete specifications. Billing will not be itemized.

(*b*) Without submitting a contract estimate, install equipment on which sufficient information has not been furnished by the Telephone Company, or where unusual local conditions exist, or where the installation labor and expense represents the greater part of the total cost thereof; charges to cover labor and expense incurred as hereinafter defined in Section III. Billing will be itemized under the following general headings:

1. Total amount of labor.
2. Miscellaneous installing material, including local purchases.
3. Cartage and hoisting.
4. Protection to buildings.
5. Transportation (including necessary berths, meals, baggage and hotel expenses, if such hotel expenses are incurred the first night after arriving on the job.)
6. Board.
7. Local carfare.

(*c*) At the Telephone Company's request, install equipment covered by complete specifications, and on which estimate has been submitted but not accepted; charges to cover labor and expense incurred as hereinafter defined in Section III. Billing will be itemized under the general headings listed in plan (*b*) of this section.

III. Remuneration.

For jobs which are to be done on a time and material basis, the Telephone Company will be charged for all installation work on the following basis. The same basis will also be used by the Electric Company in preparing their contract estimates.

(*a*) Labor at actual cost plus a proper share of such expenses as are necessarily and actually incurred in conducting and supervising such work.

296 (*b*) Miscellaneous installing material furnished (except that purchased locally by installers) at prices specified in Section III of the Standard Supply Contract.

(*c*) Material purchased locally by installers shall be charged at cost.

(*d*) Work performed by outside contractors, freight, express, cartage, transportation of men, board of men, telegraph and telephone service at actual cost.

IV. Expense of Making Installation Estimates.

Should the Telephone Company not accept the Electric Company's estimate, but decide to install equipment for which an estimate has been made, it shall reimburse the Electric Company for the cost, including the engineering work necessary to make the estimate, such cost to be the actual labor incurred plus a percentage to cover overhead expense.

V. Terms of Payment.

(*a*) The equipment, including cost of installation, furnished under plans (*a*) and (*c*) of Section II shall be billed to the Telephone Company and paid for by it on the following terms:

50% of the total contract or total estimated price including in either case a like percentage of such additions or extras as may have been agreed upon, to be billed on shipment of switchboard frameworks, racks, spring jacks, and cables.

25% of the total contract or total estimated price including in either case a like percentage of such additions or extras as may have been agreed upon, to be billed 60 days after the first bill is rendered.

20% of the total contract or total estimated price including in either case a like percentage of such additions or extras as may have been agreed upon, to be billed when the Telephone Company is notified that the switchboard is ready for cut-over.

The balance of the total contract price or total value of equipment plus cost of installation, including in either case the unbilled portion of such additions or extras as may have been agreed upon, when the switchboard is accepted by the Telephone Company.

These bills shall be due and payable in accordance with the terms of the Standard Supply Contract; namely, 30 days after delivery of statement in which such bills are included.

297 (*b*) The equipment, including cost of installation, furnished under plan (*b*) of Section II shall be billed to the Telephone Company and paid for by it on the following terms:

80% of the estimated value of work done during the month, including apparatus shipped, shall be billed monthly.

15% of the estimated total value of the apparatus and the work done shall be billed when the equipment is ready for cut-over.

The balance shall be billed when the job is accepted by the Telephone Company.

The above bills shall be due and payable in accordance with the terms of the Standard Supply Contract; namely, 30 days after delivery of statement in which such bills are included.

VI. Billing on Time and Material Jobs.

On all jobs which are installed on a time and material basis under plans (*b*) and (*c*) of Section II, the Electric Company shall prepare an itemized, unpriced statement of the material (not including local purchase) in the exchange at the time the board is completed and turned over to the Telephone Company for test or cut-over as the case may be. One copy shall be sent to the Distributing House for their records. Two copies shall be sent to the installation Foreman to be used in checking the material listed with a representative of the Telephone Company. Any errors in this statement due to noting incorrect quantities or to omission of material in the exchange at the time it was completed and turned over to the Telephone Company for test or cut-over as the case may be, shall be noted on both copies, and after each copy has been signed by both representatives, one copy shall be returned to the office of the Superintendent of Installation and the other shall be retained by the Telephone Company as their record of the check. The final itemized priced bill for the material shall be rendered in exact accordance with this check.

VII. Point of Delivery.

The same rules shall apply to the payment of freight, both on switchboards and parts thereof, as well as on other material used in the installation, as apply on similar material when furnished under the Supply Contract. (Section III.)

VIII. Title.

The Telephone Company shall take title to the switchboard and apparatus on its delivery to the Transportation Company at factory or warehouse, whether shipped in the name of the Telephone Company or otherwise. From this time, any insurance shall be arranged for and carried by the Telephone Company.

298 IX. Electric Company's Responsibility for Equipment Installed by the Telephone Company.

If the Telephone Company installs for itself any equipment such as described in Section I and ordered from or through the Electric Company, the Electric Company's responsibility for the equipment shall cease at the time of shipment, except as provided for in Section VI of the Standard Supply Contract.

X. General Conditions of Installation.

Unless otherwise specifically agreed upon, the following general conditions shall form a part of any contract or agreement to install:

Light, Heat, Power, Storeroom and Toilet Facilities.

The Telephone Company shall provide, without charge to the Electric Company, all light, heat, power, and adequate storeroom facilities which may be needed by the Electric Company in making the installation, and proper and easily accessible toilet facilities in the building in which the work is to be carried on. The Telephone Company shall pipe gas and wire electricity into the room or rooms in which it is to be used. Whatever material may be necessary for temporary piping or wiring to enable the Electric Company to carry on the work of installation, shall be billed at actual cost, and the labor of installing temporary piping or wiring shall be furnished by the Electric Company and billed to the Telephone Company at cost plus a proper share of such expenses as are necessarily and actually incurred in conducting and supervising such work.

Transportation of Men.

Labor shall be secured from the nearest available source, the cost of transportation to be charged to the job to which the labor is supplied.

The transfer of baggage, personal tools, and in some cases hotel expenses for one night is considered as a part of the transportation expense.

Men shall be transferred from point to point within a territory as long as there is work for them, excepting that they may be transferred out of the territory and other men transferred in at another point when such procedure is more economical to the Telephone Company.

In shifting men between territories, economy to the Telephone Company shall be considered.

When a General Foreman residing in one territory supervises work in another, the total cost of the inspection trip from the point last visited in the home territory to the point first visited on return, shall be apportioned fairly among the jobs supervised in the visited territory.

299 Transportation charges shall be at first-class fare, with berth if necessary, and an alowance of Three ($3.00) Dollars per day for meals en route.

Transfer of Installation Tools.

Toll Suppy Storerooms are maintained in New York, Hawthorne and San Francisco. All charges for freight and express on installation tools to and from tool storerooms shall be borne by the Telephone Company.

Board of Men.

The Telephone Company shall be charged at cost with all board and living expenses of installers incurred by the Electric Company during installation. Ordinarily, board is not allowed for stays in excess of 14 days. In suburban towns, where traveling expenses are allowed the men to and from a metropolitan city, such traveling expenses shall be charged instead of board.

Express Charges.

All express charges shall be billed to the Telephone Company unless shipment by express is made necessary on account of errors by the Electric Company.

Telegrams and Telephone Calls.

A charge shall be made for telegrams, long distance telephone service and toll service when it is obvious that such expense is incurred directly for the Telephone Company's benefit or because of the Telephone Company's errors, changes or emergencies.

A charge shall be made for local telephone service when the Telephone Company charges the Electric Company for such service.

Cartage & Hoisting.

Cartage and hoisting at point of delivery shall be charged for at cost of hired services.

Repairs to Premises of Telephone Company.

The Electric Company shall be responsible for any damage to the Telephone Company's premises or equipment, growing out of carelessness of its installers, excepting such damage as is covered by the usual fire insurance policy, the responsibility for carrying proper fire insurance resting with the Telephone Company.

In working, therefore, in finished buildings or premises where woodwork, plaster or floors are liable to accidental damage, the Electric Company will protect such floors, walls and woodwork with lumber, building paper, muslin, etc., at the Telephone Company's expense unless the Telephone Company elects to provide such protection.

The Electric Company shall not be responsible for damage to walls, etc., where work of finishing or decorating is performed during installation, or if for any other reason proper protection is not possible or allowed.

The Telephone Company shall make all claims on account of damage to building before equipment is cut into service, or before the installers leave the premises.

300 The Telephone Company shall provide alterations in building necessitated by the nature of the work, or shall reimburse the Electric Company for such changes as it may make, but the Electric Company shall not undertake more than usual minor work on a building without authority from the Telephone Company.

All work on buildings, if performed by the Electric Company's installers shall be charged at cost plus a proper share of such expenses as are necessarily and actually incurred in conducting and supervising such work.

All work on buildings performed by contractors hired by the Electric Company shall be charged at cost.

Unless otherwise agreed, the Electric Company shall have holes in floors and plaster repaired at the Telephone Company's expense, but shall not undertake to make repairs to decorations.

Overtime Work.

The Electric Company and the Telephone Company shall mutually agree upon a schedule of dates for the installation of equipment. While the Electric Company does not absolutely guarantee to keep this schedule, it is distinctly understood and agreed that it will make every effort within reason to meet the schedule dates.

Where it is found that overtime work is required in order to meet the schedule dates, thus increasing the cost of the work, the Telephone Company shall be advised promptly, and it shall decide whether or not the loss it will sustain due to delay in completing the work warrants the extra cost of overtime.

Overtime work is defined as work performed on Sunday or any legal holiday, or any other day in excess of the Electric Company's standard working day, except where the law in the particular state in which the work is being performed provides a shorter working day than the Electric Company's standard working day, in which case the overtime work shall consist of any work in excess of the legal working day.

When such overtime work is requested by the Telephone Company, or approved by them, the excess cost over regular time shall be charged to the Telephone Company.

On contract jobs an additional contract figure shall be given to cover the excess over regular time, and on non-contract jobs it shall be included in the cost.

Labor Other Than Regular Western Electric Employees.

In case at any time it seems necessary to use other than regular Western Electric employees to meet local conditions, and the Electric Company is not in a position to do this, it shall notify the Telephone Company, and the latter shall then make other arrangements for doing the work.

301 Changes in Specifications.

The Electric Company reserves the right to consider as separate orders, to be entered and installed as such, any and all changes in specifications or orders, and all additions thereto given after the schedule date for the receipt by it of complete engineering data.

Inspection.

The Electric Company shall notify the Telephone Company of completion of the work, and the Telephone Company shall, as soon as practicable, make an inspection of the equipment if it so desires. It is understood, however, that such inspection shall be made at such time and in such manner as not to unduly delay the acceptance of the installation.

The Electric Company shall make every reasonable effort to have all defects corrected before the equipment is turned over to the Telephone Company for service. Failing in this, the defects shall be corrected as soon as practicable thereafter.

Second-hand Apparatus.

When second-hand apparatus not in condition for use is furnished the Installation Department by the Telephone Company, the necessary repairs, if performed by the Installation Department, shall be charged to the Telephone Company at cost plus a proper share of such expenses as are necessarily and actually incurred in conducting and supervising such work.

XI. Duration.

This agreement shall remain in force during the life of the Standard Supply Contract, but may be altered by mutual consent.

WESTERN ELECTRIC COMPANY,
By E. J. WALLIS.

Accepted:

CUMBERLAND TEL. & TEL. CO.
(INCORPORATED),
By J. EPPS BROWN,
First Vice President.

T. L. I.

Date, Jan. 1st, 1914.

302 Recording, Transferring, and Disposing of Idle and Surplus Stocks in the Telephone Company's Field.

Section of Contract 4 (K).

Supplementary Agreement to Supply Contract Dated May 2, 1912, Between the Western Electric Company, Atlanta House, and Cumberland Telephone & Telegraph Company, Incorporated.

Service.

The Electric Company agrees to keep the necessary records of idle and surplus stocks reported to it as carried by the Telephone Company in the field and transfer them from one point to another, as becomes necessary or to otherwise dispose of them as authorized by the Telephone Company.

Remuneration.

For performing this service the Electric Company will charge the Telephone Company monthly the actual cost made up of:

a. Clerical labor necessary to keep the records of idle material in the possession of the Telephone Company; issuing transfers to cover shipment from one point to another; and the necessary work in connection with such other disposition as the Telephone Company authorize them to make, at actual cost.

b. Any unforeseen expense in connection with the handling of this service, such as traveling expense, if necessary.

c. 20% of such labor to cover the Electric Company's cost of supervision and incidental clerical expense.

Termination.

This agreement may be altered by mutual consent or terminated upon three months' notice in writing from either party to the other.

WESTERN ELECTRIC COMPANY,
(Sd.) E. J. WALLIS,
Mgr.

Accepted:

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, INCORPORATED.
(Sd.) J. EPPS BROWN,
First Vice President.

Date 5-1-14.

303 In the United States District Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION, and Others, Defendants.

Affidavit of E. V. Cox.

STATE OF NEW YORK,
County of New York, ss:

E. V. Cox, being first duly sworn, on oath states:

I am forty-eight years of age. I reside in Plainfeld, New Jersey. I am employed at No. 195 Broadway, New York City, as Supply Contract Auditor by the American Telephone and Telegraph Company. I am a graduate of Yale University, with the degree of Bachelor of Philosophy in mechanical engineering, and of Columbia University, with the degree of Electrical Engineer. For the last twenty-six years I have been employed by the American Telephone and Telegraph Company as follows:

For five years, from 1895 to 1899, I was engaged in installing and maintaining central office and substation telephone equipment, inspecting telephone pole lines and maintaining telephone submarine cables;

For seven years, from 1899 to 1907, I was employed in making general telephone engineering studies, in telephone repair shop practice, and in the design and construction of underground telephone conduits, having actual charge in the field of such work;

304 For four years, from 1907 to 1911, I was engaged in duties pertaining to organization and office management under the supervision of the General Superintendent of Plant;

For eight years, from 1911 to 1919, I was engaged in general telephone accounting as Chief Accountant and General Auditor;

Since 1919, I have occupied my present position of Supply Contract Auditor.

The various positions which I have filed during the twenty-six years I have been with the American Telephone and Telegraph Company have enabled me to become familiar with the manufacture, sale, installation and maintenance of telephone apparatus, equipment and outside telephone plant. My work has also required me to become familiar with the business relations existing and that have existed for a number of years between the American Telephone and Telegraph Company, the Western Electric Company, Inc., and the

Cumberland Telephone and Telegraph Company and other Associated Bell Telephone Companies. By Associated Bell Telephone Companies, I mean those telephone companies comprising the Bell System of which the Cumberland Telephone and Telegraph Company is one. In addition to the information I would naturally obtain in the course of twenty-six years as an employee of the American Telephone and Telegraph Company, my duties since 1907 have brought me in direct touch with this relationship.

My duties as Supply Contract Auditor arise out of an arrangement between the American Telephone and Telegraph Company and the Western Electric Company, Inc., whereby the American Telephone and Telegraph Company, through its employees, investigates and checks the prices of the Western Electric Company, Inc., for telephone apparatus, equipment, materials and supplies sold to Associated Bell Telephone Companies and to the American Telephone and Telegraph Company, to ascertain whether the same are fair and reasonable. I am the employee of the American Telephone and Telegraph Company chargd with this duty. I have access to and am continuously engaged in investigating and checking the records of the Western Electric Company, Inc., bearing on the subject. My duties also make it necessary for me to be familiar with the general competitive market prices of all telephone apparatus, equipment, materials and supplies manufactured and sold in the United States. I am
constantly investigating these prices and keep informed as to
305 them, so that I am familiar with the general competitive
market prices of all the telephone apparatus, equipment, materials and supplies manufactured and sold in the United States. I actually check the prices of the Western Electric Company, Inc., to the Associated Bell Telephone Companies, to the American Telephone and Telegraph Company and to the general trade, and I make comparison of these prices with the prices for similar apparatus, equipment, materials and supplies manufactured and sold by other manufacturers.

The Cumberland Telephone and Telegraph Company purchases telephone apparatus, equipment, materials and supplies from the Western Electric Company, Inc., under the terms of a contract between these companies, generally known as the Standard Supply Contract. Similar contracts are in force between the Western Electric Company, Inc., and each Associated Bell Telephone Company. In brief, this contract provides:

(*a*) That the Western Electric Company, Inc., shall act as purchasing agent and general storekeeper for the telephone company.

(*b*) That for supplies not of Western Electric manufacture, the telephone company shall pay the Western Electric Company, Inc., the net cost to it plus certain percentages, as compensation for buying and warehousing.

(*c*) That for underground and aerial cable manufactured by the Western Electric Company, Inc., the telephone company shall pay factory costs, plus 8 per cent.

(*d*) That for other articles of manufacture of the Western Electric Company, Inc., the telephone company shall pay prices not higher than those of its most favored customers in the United States.

The Western Electric Company, Inc., also offers, under the contract, to perform a number of other special services, such as receiving, storing, reissuing or disposing of used supplies, operating a local repair shop and inspecting supplies not of Western Electric manufacture.

The contract does not obligate the telephone company to purchase its supplies from the Western Electric Company, Inc.

I have made a study of the volume of business done by the Western Electric Company, Inc., for the years 1918, 1919, 1920 and 1921, to determine the relative percentages of its sales to Associated
306 Bell Telephone Companies and to the general trade. This study includes all the sales of the Western Electric Company, Inc., for the years named. The results of this study are shown in Exhibit No. 1. The exhibit shows that the sales of the Western Electric Company, Inc., to the general trade, that is, to others than Associated Bell Telephone Companies, represents a substantial part of the business done by it. The telephone shortage following the armistice, brought about by the world war, curtailed the sales of the Western Electric Company, Inc., to the general trade, of merchandise manufactured by it, due to the obligation placed upon the Western Electric Company, Inc., under the Standard Supply Contract, to meet the requirements of the Associated Bell Telephone Companies. As this unprecedented demand has now been substantially met, it may be expected that the percentages of sales to the general trade of merchandise manufactured by the Western Electric Company, Inc., may be increased.

I have also made studies of the volume of sales of the Western Electric Company, Inc., and other competitive telephone manufacturing companies, to the general telephone trade, and while I cannot give the exact volume of telephone business done by these companies annually, my investigation has been sufficient to prove, and I can and do state, of my own knowledge, that the Western Electric Company, Inc., sells more telephone apparatus, equipment, materials and supplies to the general telephone trade, excluding Associated Bell Telephone Companies, than any other competitive manufacturer in the United States.

The three largest companies in the United States manufacturing manual telephone apparatus and equipment, which is the type of equipment in general use and generally being used by the Cumberland Telephone and Telegraph Company in Louisiana, are the Western Electric Company, Inc., the Stromberg-Carlson Telephone Manufacturing Company and the Kellogg Switchboard and Supply Company. The fact that these three companies actively compete for business and sell the larger part (approximately 70%) of the manual apparatus and equipment used in this country, results in their prices regulating and representing the market prices for such apparatus and equipment throughout the United States. I have made a study and

comparison of the prices of these three manufacturing companies to the general trade and Exhibit No. 2 is a comparison of the general market prices of these companies.

While the price-lists of the various companies manufacturing telephone apparatus and equipment contain a large number of
307 items, yet, in actual practice, it is not necessary to compare all of the prices of all of the items, to get a general picture of competitive price conditions. This is due to the fact that a certain limited number of items are of such major importance in the telephone industry, that they control the prices of all the other items, because the other items bear a direct relation to them. That is, as the market prices of these major items rise and fall, so will the prices of the other related items of telephone apparatus and equipment rise and fall. Therefore, while a telephone property is made up of many items, it is composed of comparatively few general classes and a selection of one, two, or three items of major or controlling importance for each of such classes is sufficient to get a true and accurate picture of market prices as a whole, when the prices of different companies for such selected items are compared.

Accordingly, in Exhibit 2, I have selected 31 items of major and controlling importance in the telephone industry from each of the general classes of apparatus and equipment and have set forth the prices charged by each of said companies for each of said items to the general trade in the competitive field as of January 1, 1917, 1918, 1919, 1920, July 1, 1920, January 1, 1921, July 1, 1921 and January 1, 1922, in order thereby to give a relative general picture of the market prices to the general trade in the telephone industry for said period. The prices for the equipment of the independent companies are taken from their own price-lists and maximum deductions allowed.

The total amount of sales of each item by the Western Electric Company, Inc., for the year 1919 has been taken in each case as the amount of sales made for the corresponding period of time for each of the dates above set forth. This exhibit shows the competitive character of the prices of these manufacturers to the general trade and requires no explanation. The graph at the top of the exhibit shows the relation between these prices during the several years.

In Exhibit No. 3, I have compared these prices, using the same items, quantities and prices, with the prices of the Western Electric Company, Inc., to Associated Bell Telephone Companies for the same dates. Had I used the prices charged the Cumberland Telephone and Telegraph Company, the comparison would be the same, as the Associated Bell Telephone Companies purchase their telephone apparatus, equipment, materials and supplies from the Western Electric Company, Inc., at prices, the basis of which are uniform and the same to all of such companies. This exhibit shows the substantial saving to the Cumberland Telephone and Tele-
308 graph Company, as well as to other Associated Bell Telephone Companies, on purchases of telephone apparatus and equipment from the Western Electric Company, Inc., and requires

no explanation. The graph at the top of the exhibit shows the relation of these prices during the several years, 1917 to 1921.

I have taken every item of telephone apparatus manufactured by the Western Electric Company, Inc., and sold under published price-lists to the general trade and to Associated Bell Telephone Companies, and have made a comparison of these prices in effect on January 1, 1922 to these two classes of customers. The result of this study is shown in Exhibit No. 4, hereto attached. I found that a total of 1,800 items were sold to the two classes of customers. In every case the prices to the general trade were found to be higher than the prices to Associated Bell Telephone Companies, the lowest difference being 18.84 per cent. and the average 34.23 per cent. higher to the general trade than to the Cumberland Telephone and Telegraph Company, and other Associated Bell Telephone Companies.

I also made a study of the entire sales of the Western Electric Company, Inc., of items of telephone apparatus of its own manufacture, to the general trade, for the years 1911 to 1920, both inclusive, and for nine months of 1921. This study I show in Exhibit No. 5, hereto attached. The total amounts of such sales to the general trade for the years named are shown in Column C. I then determined the prices that would have been charged Associated Bell Telephone Companies, had the purchases been made by them, and this cost I show in Column D. The prices to the general trade are shown to be substantially higher throughout the period, and the percentage relation between these prices, is shown in Column E. This percentage relation is plotted in the upper part of the exhibit where the Associated Companies' prices (designated on the exhibit as "Contract Prices") are taken as 100 throughout the period.

Lead covered cable for underground and aerial use, an important item of telephone equipment manufactured by the Western Electric Company, Inc., is sold to Associated Bell Telephone Companies and to the general trade. This cable is sold to Associated Bell Telephone Companies under the Standard Supply Contract, at cost of manufacture plus 8 per cent. It is sold to the general trade on a special quotation basis; that is to say, at prices made on request. I have made a study of the prices charged by the Western Electric Company, Inc., for lead covered cable, to Associated Bell Telephone Companies and to the general trade, for the purpose of com-
309 paring these prices, and the result of this study is shown in Exhibit No. 6. This exhibit covers the period from 1911 to 1920, and nine months of 1921. In Column B is shown total sales to Associated Bell Telephone Companies; in Column C, total sales to the general trade. In Column D is shown what Associated Bell Telephone Companies would have paid for the same purchases under prices prevailing for them at the time. In Column E is shown the percentage increase in prices to the general trade over the prices to Associated Bell Telephone Companies. The graph at the top of the exhibit shows the relation between these prices during the several years, where the prices to the Associated Companies (desig-

nated on the exhibit as "Contract Prices") are taken as 100 throughout the period.

The price comparisons previously shown in this affidavit, between Western Electric Company, Inc., prices and the prices of other competing manufacturers, have been between actual prices of the Western Electric Company, Inc., and the lowest price quotations of the competing manufacturers. I have made studies, however, where the records were available, of the prices actually paid by several so-called independent telephone companies and have compared these prices with the prices of the Western Electric Company, Inc., to Associated Bell Telephone Companies, for the same dates. These studies have been made in cases where the property of an independent telephone company was consolidated with or purchased by a Bell Company, and the records were available for study and checking purposes. In such cases, the actual paid invoices were examined and tabulated, and the results compared. The prices paid were found to be higher, on the average, than the prices charged Associated Bell Telephone Companies by the Western Electric Company, Inc., for similar items on the same dates. I show below the names of the companies where such studies have been made, and the percentages of the excess cost to such companies for telephone apparatus and lead covered cable, over the cost to an Associated Bell Telephone Company, had the same purchases been made on the same dates from the Western Electric Company, Inc.

310 *Cost Over Western El. Prices to Assoc. Bell Tel. Cos.*

	Telephone apparatus.	Lead covered cable.
Citizens Telephone Company of Laconia, New Hampshire	18%	24%
Atlanta Telephone and Telegraph Company, Atlanta, Georgia	15%	17%
Utica Home Telephone Company, Utica, New York	19%	8%
Home Telephone and Telegraph Company, Lost Angeles, California	25%	24%
Rochester Telephone Company, Rochester, New York	13.44%	47.10%

The results of these studies are all shown in Exhibits 7, 8, 9, 10 and 11, respectively, hereto attached.

The Cumberland Telephone and Telegraph Company has recently furnished me with a complete list of all purchases made by it for the State of Louisiana from theWestern Electric Company, Inc., from January 1, 1921, to November 30, 1921, both inclusive, and I have made a special study of these purchases and compared the prices paid therefor, in so far as the same could be compared, with the prices of other competing manufacturers.

This study was made in the following manner: I first selected from this list of purchases all items shown therein that were manu-

factured by the Western Electric Company, Inc. I then divided this selected list of items into telephone apparatus and lead covered cable, for the purpose of price comparisons. The prices paid for telephone apparatus were compared with the prices of the two competing manufacturing companies (the Kellogg Switchboard and Supply Company and Stromberg-Carlson Telephone Manufacturing Company), previously referred to in this affidavit, and I also have included, in addition thereto, the Cook Electric Company of Zion City, Illinois, for the reason that though not a manufacturer of general telephone apparatus, it does manufacture some telephone specialties which are not manufactured by either of the other manufacturing companies. The prices paid for lead covered cable were compared with the prices charged during the same period by the Standard Underground Cable Company of Pittsburgh,
311 Pennsylvania, and the American Electrical Works of Phillipsdale, Rhode Island, the two largest competing manufacturers of lead covered cable in the trade.

In the case of telephone apparatus, the catalogs of the competing companies named above were examined, and, so far as equivalents could be found and comparisons could be made, the prices charged by these companies for the competing items were set opposite the items actualy purchased by the Cumberland Company from the Western Electric Company, Inc. Such items were priced at the lowest published prices of these companies in effect for the same dates, with maximum discounts allowed. I set up in another column the price paid the Western Electric Company, Inc., for such items. The quantities and total cost of all the several items were then totalled. In this way, I secured the total cost to the Cumberland Company of these items of the Western Electric Company, Inc., manufacture, and what the cost would have been had the same purchases been made from the competing companies.

The total amount actually paid the Western Electric Company, Inc., for the items thus compared, was $153,881.21, and represented 54 per cent. of the total purchases of telephone apparatus and lead covered cable of Western Electric Company, Inc., manufacture, sold to the Cumberland Telephone and Telegraph Company in the State of Louisiana, for this period. Taking the lowest price of other manufacturers with which comparison was made for each item and assuming that the telephone company had purchased each item in each instance at the lowest price available, the telephone apparatus of similar manufacture would have cost the Cumberland Telephone and Telegraph Company the sum of $171,277.70, which is $17,396.49, or 11.31 per cent. in excess of the prices paid the Western Electric Company, Inc. This ignores the fact that a telephone company is not free to purchase its apparatus at the lowest price in all instances, due to the fact that the apparatus of one manufacturer may not coordinate and work efficiently with the apparatus of a similar type of another manufacturer.

In addition to these items purchased, with which price comparisons could be made, there remain items in this list representing purchases by the Cumberland Company, amounting to $87,310.30,

or 30 per cent. of the total purchases, for the period, which could not be compared, due to the fact that they represented patented items and other items not manufactured or sold by companies other than the Western Electric Company, Inc., and also items of strictly special character, for which no comparison could be made. Although for items which could be compared, the prices of competing manufacturers were 11.31 per cent. higher than the prices charged the Cumberland Telephone and Telegraph Company by the Western Electric Company, Inc., nevertheless, for these remaining purchases, because no price comparisons could be made, I assumed that these items which could not be compared could be purchased from the other competing companies named as cheaply as they were purchased from the Western Electric Company, Inc., so as to make a comparison on all items of Western Electric Company manufacture, purchased for the period under consideration.

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The prices of the Western Electric Company, Inc., for apparatus sold to the Cumberland Company are F. O. B., New Orleans, Louisiana, whereas the prices taken for the competing manufacturers were F. O. B. their factories at Rochester, New York, Chicago, Illinois, and Zion City, Illinois. To the prices of the competing manufacturers, therefore, I have added an item representing the transportation charges to New Orleans, Louisiana. Under the Standard Supply Contract between the Western Electric Company, Inc., and the Cumberland Telephone and Telegraph Company, the Western Electric Company, Inc., warehouses telephone apparatus manufactured by it without charge to the Cumberland Company and, for this purpose, has and maintains a warehouse at New and, for this purpose, has and maintains a warehouse at New Orleans, Louisiana. If the Cumberland Company had not purchased this telephone apparatus from the Western Electric Company, Inc., it would have had to incur this warehousing expense, as the competing manufacturers do not do it and, accordingly, an item representing this expense has been added to the prices shown for the competing manufacturers. This warehousing cost has been figured at 4 per cent. of the cost of the apparatus which is, in my judgment, as low, if not lower, than it could be done by the Cumberland Company.

In the case of lead covered cable, I compared the lowest prices charged by the previously named competing manufacturers for the same period with the corresponding prices charged by the Western Electric Company, Inc. The prices of the Western Electric Company, Inc., and of the competing companies, are taken F. O. B. factory and freight is figured from the factory to New Orleans, Louisiant. These purchases of lead covered cable from the Western Electric Company, Inc., for the period resulted in a saving to the Cumberland Telephone and Telegraph Company, of $8,754.74 or 18.22 per cent. over the prices charged by these competing companies for the same period.

The study shows that the total amount paid by the Cumberland Telephone and Telegraph Company to the Western Electric Company, Inc., for telephone apparatus and lead cov-

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ered cable manufactured by it and sold to the Cumberland Company for the period for which this study was made, including warehousing and freight, was $289,251.32, and the lowest price at which the same could have been obtained from any of the competing manufacturers, including warehousing and freight, was found to be $326,497.36, which is $37,246.04 or 12.88 per cent. higher than was actually paid the Western Electric Company, Inc. This study is shown in detail in Exhibit 12, hereto attached.

I recently made a similar study for the Cumberland Telephone and Telegraph Company, for the State of Tennessee for the same period that my study for the State of Louisiana covers. I have also made similar studies for the New England Telephone and Telegraph Company, for the year 1918; for the Southwestern Bell Telephone Company, for the year 1919; for The Chesapeake and Potomac Telephone Company, operating in the District of Columbia, for the year 1920; and for the Chesapeake and Potomac Telephone Company, operating in the State of Maryland, for the year 1920. The results of these studies are shown in Exhibits 13, 14, 15, 16 and 17, respectively, and require no explanation. They all show very substantial savings on the purchases of these companies from the Western Electric Company, Inc., over the prices of competing manufacturing companies.

Among the items purchased by the Cumberland Telephone and Telegraph Company from the Western Electric Company, Inc., and shown in the list furnished me, are items that are not manufactured by the Western Electric Company, Inc., but which are furnished the Cumberland Company under the Standard Supply Contract, the Western Electric Company, Inc., acting as the purchasing agent of the Cumberland Company for such supplies. These items include general plant supplies, such as poles, cross arms, wire, pole line hardware, etc. It is almost impossible to make a direct price comparison as of the dates of the purchase of these supplies, because many different grades of the same article are sold under the same general name, and sales in the general trade are made on quotation, rather than on published price-list bases. In general, these items purchased by the Cumberland Company conform to specifications which provide for an essentially high-grade article, as distinguished from what may be termed articles of a commercial grade. The specification articles are not, in general, purchased by the general trade, nor is the commercial article, in general, purchased by the Cumberland Telephone and Telegraph Company.

314 I have made a study of the conditions under which the specification articles are purchased by the Cumberland Telephone and Telegraph Company, from the Western Electric Company, Inc., and I know that they are purchased at prices the bases of which are the same as the prices to all other Associated Bell Telephone Companies, transportation charges excepted. I have also made studies of the prices charged by the Western Electric Company, Inc., to the general trade, for the commercial grade of such supplies. The result of these studies shows that, notwithstanding the difference in quality in a specification article over the commercial

article the specification article is generally sold to the Cumberland Telephone and Telegraph Company, at prices which are lower than are charged the general trade for the commercial lower grade article. The Western Electric Company, Inc., is a large jobber for these supplies and sells the same to the general trade, in competition with other jobbers, and these prices to its general trade customers fairly reflect the market prices for such articles.

The latest studies of this character which I have made were made for the prices charged the Southern Bell Telephone and Telegraph Company and the general trade at Atlanta, Georgia, and the Illinois Bell Telephone Company and the general trade at Chicago, Illinois. These studies show the prices charged on three representative dates, namely, January 1st and July 1st, 1921, and January 1, 1922. The studies show that the prices charged the Southern Bell Telephone and Telegraph Company at Atlanta, Georgia, and the Illinois Bell Telephone Company, at Chicago, Illinois, by the Western Electric Company, Inc., for the specification article, which is of a higher grade than the commercial article, are, in general, lower than the prices charged to the general trade customers at those places for the commercial article. The results of these studies are shown in Exhibits 18 and 19, hereto attached. The general trade customers of the Western Electric Company, Inc., are designated in the exhibits as "Non-Assoc.". In those relatively few cases where the price to the general trade is lower than the price to the Associated Company, a very substantial difference in quality of product exists.

From the studies and investigations I have made, I know and can and do state of my own knowledge, that the Western Electric Company, Inc., sells telephone apparatus, equipment, materials and supplies to the Cumberland Telephone and Telegraph Company at prices which are generally substantially lower than to the general trade, that is, to other than Associated Bell Telephone Companies and that are, on the whole, substantially lower than the prices charged by other telephone manufacturing companies.

315 Aside from the advantages in prices, other substantial advantages to the Cumberland Telephone and Telegraph Company arise from the continued business relations maintained with the Western Electric Company, Inc. For example, the Cumberland Telephone and Telegraph Company is not required to maintain a duplicate staff of highly salaries and paid material experts, but it is assured that all of its purchases from the Western Electric Company, Inc., will meet its requirements. It is further assured that the supply will bear a reasonable relation to the demand as it is possible to plan together in advance to that end, and that items once purchased can be added to or replaced without loss as the development of the business requires. The burden of keeping a sufficient stock of standard apparatus, equipment and supplies on hand at all times to meet the requirements of the Cumberland Telephone and Telegraph Company is placed by the Standard Supply contract upon the Western Electric Company, Inc.

To carry out its obligations under the contract, the Western Elec-

tric Company, Inc., has organized and maintains large purchasing and inspecting forces for the purchase and inspection of the supplies purchased for use by the associated companies. The Western Electric Company, Inc., is made responsible for these supplies meeting the specifications of the associated companies. They now maintain and operate thirty-three warehouses at strategic points throughout the United States and on December 31, 1921, had available in these warehouses $16,000,000 of telephone apparatus, equipment and supplies. These supplies are available for immediate use in emergencies, including wide-spread casualties. It maintains a supply storehouse at New Orleans, and has other storehouses at various strategic points in the territory of the several Associated Bell Telephone companies and a main storehouse at its manufacturing plant at Hawthorne, Illinois; and in this manner it can and does meet any emergency which can reasonably be anticipated.

As casualties have occurred, such as the San Francisco and Baltimore fires, Omaha cyclone, Dayton and Pueblo floods, the sleet storms of last winter in New England and in the middle west, relief has been immediately afforded. For example, in the case of the Baltimore fire, which destroyed 98 city blocks and caused a loss of $125,000,000 in property, an entire new switchboard, consisting of 22 subscribers' positions, was shipped by express from Chicago and installed in ten days in a new central office. In all of these cases carloads of material were shipped from the storehouses of the Western Electric Company, Inc., as soon as it could be loaded into
316 cars after receiving telephonic advice of the needs. In all cases of casualties occurring at any of the points in the United States where a Bell Company operates, the company has been able to proceed immediately to restore service, by reason of the fact that it has been in a position to call upon the Western Electric Company, Inc., to supply it with the necessary apparatus, equipment and supplies for its needs. These emergency demands are met at normal prices. The standardization of apparatus, equipment and other supplies accomplished through the Western Electric Company, Inc., under the contract enables the Western Electric Company, Inc., to guarantee a supply of the necessary items under any and all circumstances, except such as may be occasioned by war or similar general disturbances.

In general, apparatus must not only be made so as to avoid scrapping when improvements are made, but apparatus must also be made so as to co-ordinate with operating needs. For example, when a telephone company has once bought a switchboard, the additions to the switchboard made necessary by an increase in business cannot be bought from other manufacturers, but must be bought from the same manufacturer from whom the original switchboard was purchased. This makes it virtually necessary that a telephone company be assured that the manufacturer with whom it deals will remain in business and will continue to have the necessary supplies on hand to add to the equipment already purchased, and that as it im-

proves such apparatus it will provide that the new and improved apparatus may be fitted into the apparatus already purchased. For that reason, a telephone company cannot remain wholly divorced from the manufacturer, but it is in a sense forced to continue doing business with the manufacturer supplying its initial apparatus, as long as that apparatus continues in service. This makes it highly desirable, if not essential, that the relations between the telephone company and the manufacturer be such that the former can exercise some measure of control over the latter. The relation between the Associated Bell Telephone Companies and the Western Electric Company, Inc., assures the telephone companies of this advantage.

The Cumberland Telephone and Telegraph Company under the arrangement which it has with the Western Electric Compnay, Inc., secures advantages which are obvious from a mere listing of them, because they are inherent to its successful operation.

These advantages may be briefly summarized as follows:

1. Elimination of the purchasing and warehousing or-
317 ganizations of the telephone company, and a great reduction in the amount of supplies carried;

2. Standardization of all kinds of supplies; the most advantageous for each purpose being standardized and made available to all companies, thus enabling ordering, manufacturing, warehousing, shipping and installing to proceed with certainty and dispatch and removing prolific causes of delays, misunderstandings and mistakes;

3. Better and less costly inspection of supplies, due to the continuous employment of experts at production centers;

4. Reduction in prices due to increased volume, expert buying, elimination of buying in competition with other companies, elimination of jobbers and middlemen, improved credit; and greater uniformity in demand, facilitating annual forecasts enabling manufacturers to lay their plans far ahead and keep their men continuously employed;

5. An increase in purchasing efficiency because experts are employed for each line and are kept informed by the studies of the purchasing engineers of the trade conditions, processes and cost, not only of the articles purchased, but of the raw materials essential to their manufacture;

6. Improved service, due to better co-ordination of work and the larger number of Western Electric Company, Inc., storehouses (33) located at strategic points throughout the country;

7. A great increase in ability to meet emergencies, including widespread casualties, the company being enabled to draw on the standard supplies held for the entire system and to secure workmen accustomed to the handling of these supplies;

8. Savings in losses due to obsolescense by returning to the Western Electric Company, Inc., used items of equipment for resale at advantageous prices;

9. Dependence upon a permanent and trustworthy source of supply to meet any demands that might arise.

E. V. COX.

Sworn to and subscribed before me this 3rd day of June, 1922.

(Orig. Sd.) H. W. HOLLSBERG,
[SEAL.] *Notary Public, Kings County.*

Certificate Filed in New York County.
Clerk's No. 171, Register's No. 3174.
My Commission Expires March 30, 1928.

EXHIBIT 1

WESTERN ELECTRIC COMPANY, INCORPORATED.

SALES.

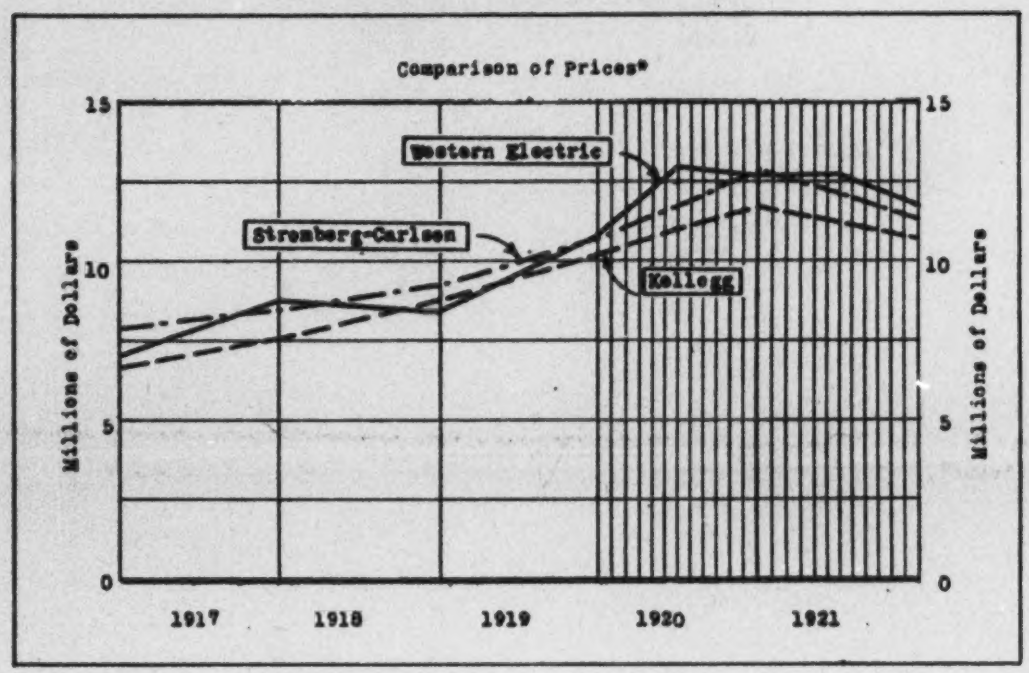
YEARS 1918, 1919, 1920, 1921.

(a)	Asso. Companies		Others		Total	
	Amount (b)	Per Cent (c)	Amount (d)	Per Cent (e)	Amount (f)	Per Cent (g)
1918						
W. E. Merchandise	$ 43,021,975	64	$23,964,345	36	$ 66,986,320	100
Merchandise not W. E. . .	24,837,665	32	53,402,134	68	78,239,799	100
Total	$ 67,859,640	47	$77,366,479	53	$145,226,119	100
1919						
W. E. Merchandise	$ 40,504,087	73	$15,153,594	27	$ 55,657,681	100
Merchandise not W. E. . .	29,477,775	37	50,587,033	63	80,064,808	100
Total	$ 69,981,862	52	$65,740,627	48	$135,722,489	100
1920						
W. E. Merchandise	$ 67,083,935	84	$12,322,047	16	$ 79,405,982	100
Merchandise not W. E. . .	46,433,099	37	80,272,599	63	126,705,698	100
Total	$113,517,034	55	$92,594,646	45	$206,111,680	100
1921						
W. E. Merchandise	$ 98,128,717	88	$13,485,198	12	$111,613,915	100
Merchandise not W. E. . .	37,430,888	48	40,720,011	52	78,150,899	100
Total	$135,559,605	71	$54,205,209	29	$189,764,814	100

No. 250

EXHIBIT 2

COMPARATIVE PRICES TO GENERAL TRADE FOR SIMILAR APPARATUS
MANUFACTURED BY
WESTERN ELECTRIC CO., INC., STROMBERG-CARLSON TEL. MFG. CO.,
KELLOGG SWITCHBOARD AND SUPPLY CO.



Date	Western Electric Co., Incorporated	Kellogg Switchboard and Supply Company +	Stromberg-Carlson Tel.Mfg.Co. +
Jan. 1, 1917	$ 7,034,336	$ 6,576,458	$ 7,790,012
Jan. 1, 1918	8,734,322	7,502,488	8,382,134
Jan. 1, 1919	8,435,480	8,821,666	9,305,440
Jan. 1, 1920	10,743,735	10,195,304	10,662,354
July 1, 1920	12,855,559	11,011,652	11,602,508
Jan. 1, 1921	12,747,607	11,562,483	12,808,865
July 1, 1921	12,747,607	11,178,648	12,280,739
Jan. 1, 1922	11,841,601	10,722,319	11,386,954

NOTES: * Figures based on prices for 31 leading items of Western Electric, Stromberg-Carlson and Kellogg equipment, weighted by Western Electric sales for 1919.

+ Kellogg and Stromberg-Carlson figures quoted in table represent the lowest advertised prices.

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EXHIBIT 2

COMPARATIVE PRICES FOR SIMILAR TELEPHONE APPARATUS

JANUARY 1, 1917 TO JULY 1, 1921.

List of material manufactured by Kellogg Switchboard and Supply Company and Stromberg-Carlson Telephone Manufacturing Company which in nature or function seems to approximate the material of Western Electric manufacture used in the study.

Western Electric Company, Inc. (a)	Kellogg Switchboard and Supply Company (b)	Stromberg-Carlson Telephone Manufacturing Company (c)
Condensers -		
21-D	16	22
21-L	36	19
Cords -		
87 6'	228-O 6'	O- 4-C 5'
447 6-1/4'	326-TO 6'	S-31-J 6'
448 6-1/4'	326-TO 6'	S-32-K 6'
549 2-1/2'	142-TR 3'	R- 2-G 3'
550 5-1/2'	F-479-D 6'	D- 3-C 6'
Cord Weights -		
116	9	6
Desk Stands -		
20-AL	118 (Not Equipped)	986 (Not Equipped)
Drops -		
19-C	8-D	12-F
56-B	8-C	12-A
Generators -		
48-A	53	38
Jacks -		
49 114 mtg.	230	130 81 mtg.
92 113 mtg.	239	127 83 mtg.
Keys -		
92-A	254	34
92-B	255	119
Lamps -		
2-F	12-A	16
2-G	24-A	32
Lamp Caps -		
2-AY	154	27-A
Lamp Sockets -		
13	39	12
Plugs -		
109	185	54
110	191	55
137	25	23
Relays -		
A-1	2029-CP	225-A
A-2	2048-SC	203-K
E-6	2034-SV	206-BD
E-7	2003-SV	206-FF
Repeating Coils -		
25-A	(2) 17-A	(2) 11-A
Resistances -		
18-AC	1-B (Rd. Type Coil)	10-G (Rd. Type Coil)
18-AF	1-S (Rd. Type Coil)	10-G (Rd. Type Coil)
Subscribers' Sets -		
534-A	257-BA	1132-BY

WESTERN ELECTRIC COMPANY, INCORPORATED.

MINIMUM PRICES FOR TELEPHONE APPARATUS TO GENERAL TRADE.

Item (a)	Approximate Total Sales 1919 (b)	January 1, 1917 Price (c)	January 1, 1917 Amount (d)	January 1, 1918 Price (e)	January 1, 1918 Amount (f)	January 1, 1919 Price (g)	January 1, 1919 Amount (h)	January 1, 1920 Price (i)	January 1, 1920 Amount (j)	July 1, 1920 Price (k)	July 1, 1920 Amount (l)	January 1, 1921 Price (m)	January 1, 1921 Amount (n)	July 1, 1921 Price (o)	July 1, 1921 Amount (p)	January 1, 1922 Price (q)	January 1, 1922 Amount (r)
Condensers -																	
21-D	28,000	$ .30	$ 98,437.50	$1.15	$ 113,284.20	$1.00	$ 98,906.00	$1.00	$ 98,906.00	$1.40	$ 137,911.20	$1.40	$ 137,911.20	$1.40	$ 137,911.20	$1.40	$ 137,911.20
21-E	80,000	.30	78,244.40	1.15	92,050.40	1.00	80,044.00	1.00	80,044.00	1.40	112,062.40	1.40	112,062.40	1.40	112,062.40	1.40	112,062.40
Cords -																	
87 4'	160,287	.70	112,340.90	.90	144,281.30	.90	144,281.30	.90	144,281.30	1.40	224,464.10	1.40	224,464.10	1.40	224,464.10	1.40	224,464.10
-447 4-1/2'	499,241	.82	343,711.00	.95	474,279.75	.70	349,471.70	.85	424,354.85	1.11	553,731.75	1.11	553,731.75	1.11	553,731.75	1.11	553,731.75
448 5-1/2'	467,621	.80	374,096.80	.95	444,239.95	.76	355,471.76	.91	425,601.91	1.15	537,720.15	1.15	537,720.15	1.15	537,720.15	1.15	537,720.15
449 6-1/2'	1,249,286	.10	893,755.71	.20	1,249,857.20	.20	249,857.20	.22	274,843.40	.40	499,714.40	.40	499,714.40	.40	499,714.40	.40	499,714.40
450 7-1/2'	1,565,520	.40	618,604.00	.50	782,758.00	.50	782,758.00	.50	782,758.00	.80	1,252,412.00	.80	1,252,412.00	.80	1,252,412.00	.80	1,252,412.00
Cord Weights -																	
116	162,586	.30	38,317.80	.35	40,646.50	.30	48,775.80	.35	56,903.10	.45	73,163.70	.45	73,163.70	.45	73,163.70	.45	73,163.70
Desk Stands -																	
20-M	801,186	2.10	1,682,369.60	2.65	1,328,814.70	2.65	1,288,814.70	3.65	1,728,934.10	4.30	3,104,779.60	4.30	3,104,779.60	4.30	3,104,779.60	3.90	1,954,428.20
Drops -																	
136	7,031	1.30	9,140.30	1.45	11,401.15	1.70	13,344.55	2.10	14,765.10	3.45	18,488.15	3.45	18,488.15	3.45	18,488.15	3.40	18,482.15
548	2,102	1.15	2,698.30	1.45	3,778.90	1.80	3,801.60	1.90	3,943.80	3.40	6,344.80	3.40	6,344.80	3.40	6,344.80	3.40	6,344.80
Generators -																	
49-A	88,403	4.35	330,443.75	5.00	377,015.00	5.00	377,015.00	5.75	319,367.25	6.25	346,268.75	6.25	346,268.75	6.25	346,268.75	6.25	346,268.75
Jacks -																	
48 114 wtg.	220,120	.35	99,780.00	.50	119,734.00	.35	139,698.00	.60	159,648.00	.65	179,604.00	.65	179,604.00	.65	179,604.00	.65	179,604.00
48 115 "	234,230	.35	84,185.00	.50	100,984.00	.35	117,817.00	.60	156,648.00	.65	151,479.00	.65	151,479.00	.65	151,479.00	.65	151,479.00
Keys -																	
93-A	6,007	.70	4,324.30	.90	5,406.30	1.00	6,007.00	1.20	7,208.40	1.40	8,409.80	1.40	8,409.80	1.40	8,409.80	1.40	8,409.80
93-B	19,188	.70	13,688.40	.90	17,254.80	1.00	19,188.00	1.20	23,025.60	1.40	26,812.80	1.40	26,812.80	1.40	26,812.80	1.40	26,812.80
Lamps -																	
2-F	307,228	.35	126,897.00	.50	153,169.40	.50	153,169.40	.55	169,312.94	.55	177,529.80	.55	177,529.80	.55	177,529.80	.55	177,529.80
2-C	475,581	.35	116,880.35	.50	148,656.30	.50	148,656.30	.55	153,166.75	.55	166,422.55	.55	166,422.55	.55	166,422.55	.55	166,422.55
Lamp Caps -																	
2-AT	540,441	.07	38,333.27	.09	48,181.48	.09	48,181.48	.10	54,044.10	.10	54,044.10	.10	54,044.10	.10	54,044.10	.10	54,044.10
Lamp Sockets -																	
18	214,799	.20	42,997.80	.25	53,697.25	.25	42,997.80	.22	47,255.58	.25	53,697.25	.25	53,697.25	.25	53,697.25	.25	53,697.25
Plugs -																	
109	739,648	1.00	739,446.00	1.25	949,557.50	1.10	839,410.80	1.25	949,557.50	1.25	949,557.50	1.25	949,557.50	1.25	949,557.50	1.15	949,557.50
110	644,373	1.00	644,373.00	1.25	808,218.75	1.00	644,373.00	1.05	678,908.75	1.15	740,561.25	1.15	740,561.25	1.15	740,561.25	1.15	740,561.25
139	55,721	1.20	66,879.80	1.50	83,582.50	1.40	80,048.40	1.55	85,963.05	1.85	88,102.85	1.85	88,102.85	1.85	88,102.85	1.85	88,102.85
Relays -																	
A-1	34,648	*1.15	39,816.35	*1.42	49,217.16	*1.44	49,906.56	1.70	58,862.80	2.05	70,680.45	2.05	70,680.45	2.05	70,680.45	2.05	70,680.45
A-2	30,160	* .75	22,612.00	*1.17	35,287.20	*1.18	35,588.80	1.40	42,224.00	1.65	49,764.00	1.65	49,764.00	1.65	49,764.00	1.65	49,764.00
B-6	27,033	*1.42	38,366.86	*1.76	47,578.08	*1.79	47,846.41	1.10	54,748.30	2.55	68,934.15	2.55	68,934.15	2.55	68,934.15	2.55	68,934.15
B-7	57,667	*1.79	47,139.05	*2.09	98,283.85	*2.11	88,841.87	2.80	69,717.80	3.00	83,661.00	3.00	83,661.00	3.00	83,661.00	3.00	83,661.00
Repeating Coils -																	
23-A	18,871	5.30	103,790.30	6.90	130,209.90	7.90	149,050.90	9.45	178,330.95	9.90	186,822.90	9.90	186,822.90	9.90	186,822.90	9.90	186,822.90
Resistances -																	
18-AC	21,163	.30	5,554.60	.35	7,412.70	.40	8,472.80	.50	10,991.00	.65	13,768.20	.65	13,768.20	.65	13,768.20	.65	13,768.20
18-AF	12,647	.30	3,960.10	.35	4,803.45	.40	5,146.80	.50	6,438.50	.65	8,363.55	.65	8,363.55	.65	8,363.55	.65	8,363.55
Subscribers' Sets -																	
534A	539,780	3.10	1,675,336.00	3.80	2,052,096.00	3.80	2,051,888.00	3.90	2,104,884.00	4.35	2,327,478.00	4.35	2,327,478.00	4.35	2,327,478.00	4.95	2,671,811.00
Total			$7,034,336.47		$8,734,221.58		$8,435,480.38		$10,743,736.06		$12,036,166.36		$12,747,606.55		$12,747,606.55		$11,841,601.15

* Estimated from price trends.

No. 3224.

EXHIBIT 2

[illegible] DISTRIBUTION AND SUPPLY DIVISION.
LOWEST ADVERTISED PRICES FOR WELDING APPARATUS.

Item (a)	Approximate Total Sales 1917 (b)	January 1, 1917 Price (c)	January 1, 1917 Amount (d)	January 1, 1918 Price (e)	January 1, 1918 Amount (f)	January 1, 1919 Price (g)	January 1, 1919 Amount (h)	January 1, 1920 Price (i)	January 1, 1920 Amount (j)	July 1, 1920 Price (k)	July 1, 1920 Amount (l)	January 1, 1921 Price (m)	January 1, 1921 Amount (n)	July 1, 1921 Price (o)	July 1, 1921 Amount (p)	January 1, 1922 Price (q)	January 1, 1922 Amount (r)
Condensers - [illegible]	[illegible]	$ .31	$ [illegible]	$ .31	$ [illegible]	$ .31	$ [illegible]	$ 1.11	$ [illegible]	$ 1.11	$ [illegible]	$ 1.11	$ [illegible]	$ 1.11	$ [illegible]	$ 1.081	$ [illegible]
Cords - [illegible]	[illegible]	.35	[illegible]	.35780	[illegible]	.35280	[illegible]	.3193	167,660.58	1.066	169,999.80	1.066	169,999.80	1.066	169,999.80	1.035	165,049.50
[illegible]	[illegible]	.42	[illegible]	.4252	[illegible]	.4252	[illegible]	.3393	668,144.18	.373	666,185.68	.373	666,185.68	.373	666,185.68	.373	333,981.11
[illegible]	[illegible]	.47	[illegible]	.4752	[illegible]	.4752	[illegible]	.3993	843,280.48	.373	893,775.28	.373	893,775.28	.373	893,775.28	.373	333,981.11
[illegible]	1,222,222	.1396	[illegible]	.1396	[illegible]	.15	[illegible]	.06	413,271.38	.315	519,210.08	.315	519,210.08	.315	519,210.08	.315	519,210.09
[illegible]	1,222,222	.35	[illegible]	.4252	[illegible]	.4252	[illegible]	.3917	1,043,260.77	.376	1,344,119.36	.376	1,088,119.36	.376	1,088,119.36	.359	979,012.89
Cord Weights - [illegible]	160,160	.35	56,056.10	.35	56,056.10	.35	56,056.10	.35	56,056.10	.35	56,056.10	.35	56,056.10	.35	56,056.10	.35	56,056.10
Desk Stands - 110 (Not Equipped)	801,130	2.34	1,122,560.13	2.34	1,877,952.20	2.34	1,400,560.20	2.34	1,779,280.90	2.475	1,941,900.75	4.372	3,198,678.75	4.372	3,068,197.84	3.32	1,613,444.34
Drops - [illegible]	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]
[illegible]	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]
Generators - 10	56,000	3.51	196,664.50	4.00	224,000.00	4.75	266,000.00	5.15	288,000.40	5.15	288,000.40	5.15	288,000.40	4.14	232,000.40	4.14	229,340.40
Jacks - [illegible]	[illegible]	.35	[illegible]	.35	[illegible]	.375	[illegible]	.375	[illegible]	.375	[illegible]	.35	[illegible]	.35	[illegible]	.35	136,682.00
[illegible]	[illegible]	.35	[illegible]	.35	[illegible]	.375	[illegible]	.375	[illegible]	.375	[illegible]	.35	[illegible]	.35	[illegible]	.30	100,966.00
Keys - [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.75	[illegible]	1.75	[illegible]	1.75	[illegible]	1.75	[illegible]	1.75	[illegible]
[illegible]	10,114	2.10	21,240.00	2.10	21,240.00	2.10	21,240.00	1.75	18,195.00	1.75	18,195.00	1.75	18,195.00	1.75	18,195.00	1.75	18,195.00
Lamps - [illegible]	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.324	144,062.73
[illegible]	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.11	[illegible]	.344	153,047.84
Lamp Caps - 134	846,441	.08	68,715.28	.08	68,715.28	.10	84,644.10	.10	84,644.10	.13	68,973.85	.13	68,973.85	.13	68,973.85	.12	85,973.88
Lamp Sockets - 20	814,720	.10	80,810.00	.10	80,810.00	.10	80,810.00	.08	65,697.88	.08	65,697.88	.08	65,697.88	.08	65,697.88	.08	42,987.00
Plugs - [illegible]	[illegible]	.08	[illegible]	.08	[illegible]	.08	[illegible]	.08	[illegible]	.08	[illegible]	.08	[illegible]	.08	[illegible]	1.25	840,337.50
[illegible]	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	[illegible]	1.25	606,316.75
																1.50	53,999.50
Relays - [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.00	73,727.00	2.00	87,644.00	2.00	87,644.00	2.00	87,644.00	2.35	87,644.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.00	40,320.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	[illegible]	1.50	78,993.75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.00	[illegible]	2.00	[illegible]	2.00	[illegible]	2.00	[illegible]	2.50	89,250.00
Repeating Coils - (2) 1744	18,672	7.50	138,097.00	9.00	170,977.72	9.00	170,977.72	10.00	189,710.00	10.00	189,710.00	10.00	189,710.00	10.00	189,710.00	10.00	189,710.00
Resistances - [illegible]	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.45	[illegible]
[illegible]	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.30	[illegible]	.35	13,188.30
Subscribers' Sets - [illegible]	889,760	2.00	1,889,472.00	2.00	1,889,472.00	4.00	3,779,944.00	3.50	3,306,780.00	3.79	3,579,488.00	3.79	3,579,488.00	3.80	3,916,704.00	3.20	3,022,454.00
Total			$8,978,488.97		$7,888,488.24		$8,831,488.82		$10,198,888.00		$11,811,611.97		$11,863,488.80		$11,173,647.64		$10,722,819.41

* Estimated from price trends.

No. 221-A

322

EXHIBIT 2

STROMBERG-CARLSON TELEPHONE MANUFACTURING COMPANY.

LOWEST ADVERTISED PRICES FOR TELEPHONE APPARATUS

Item (a)	Approximate Total Sales 1919 (b)	January 1, 1917 Price (c)	January 1, 1917 Amount (d)	January 1, 1918 Price (e)	January 1, 1918 Amount (f)	January 1, 1919 Price (g)	January 1, 1919 Amount (h)	January 1, 1920 Price (i)	January 1, 1920 Amount (j)	July 1, 1920 Price (k)	July 1, 1920 Amount (l)	January 1, 1921 Price (m)	January 1, 1921 Amount (n)	July 1, 1921 Price (o)	July 1, 1921 Amount (p)	January 1, 1922 Price (q)	January 1, 1922 Amount (r)
Condensers -																	
28	96,200	$ .675	$ 64,492.50	$ .72	$ 72,861.00	$ 1.00	$ 96,200.00	$ 1.15	$ 115,284.80	$ 1.15	$ 115,284.80	$ 1.15	$ 115,284.80	$ 1.15	$ 115,284.80	$ 1.085	$ 101,885.78
19	82,696	.675	54,469.80	.75	60,522.00	1.00	82,696.00	1.15	92,800.40	1.15	92,800.40	1.15	92,800.40	1.15	92,800.40	1.085	83,580.34
Cords -																	
1- 4-C 3'	180,297	.80	134,385.90	.80	138,385.60	1.20	193,488.40	.80	144,881.20	1.125	180,401.63	1.24	222,049.88	1.24	222,049.88	1.24	222,049.88
1-21-J 6'	603,365	.55	331,786.75	.55	331,786.75	.70	422,871.50	.70	422,871.50	.885	515,774.48	.99	597,212.85	.99	597,212.85	.99	597,212.85
1-22-K 6'	451,061	.55	248,083.55	.55	248,083.55	.70	315,742.70	.70	315,742.70	.885	385,657.16	.99	446,550.39	.99	446,550.39	.99	446,550.39
1- 2-C 3'	1,048,288	.18	296,991.48	.18	296,991.48	.20	496,485.60	.22	413,071.80	.288	474,706.27	.36	593,363.96	.36	593,363.96	.36	593,363.96
1- 3-C 6'	1,533,310	.45	690,079.50	.45	690,079.50	.60	1,226,808.00	.60	920,106.00	.675	1,033,119.23	.855	1,311,151.05	.855	1,311,151.05	.855	1,311,151.05
Cord Weights -																	
6	162,566	.25	40,646.50	.35	56,905.10	.35	56,905.10	.35	56,905.10	.35	56,905.10	.35	56,906.10	.35	56,913.10	.35	56,905.10
Desk Stands -																	
986 (Not Equipped)	801,138	2.65	1,938,013.70	2.80	1,633,783.40	3.60	1,804,096.80	4.80	2,305,236.80	5.10	2,933,803.80	5.80	2,906,373.80	4.80	2,305,236.80	3.45	1,736,936.10
Drops -																	
13-F	7,091	2.15	15,116.65	2.80	18,280.80	2.80	18,280.80	3.20	21,796.10	3.80	25,211.80	3.80	25,211.80	3.80	25,211.80	3.80	25,211.80
12-A	2,602	2.00	5,204.00	2.30	6,305.00	2.30	6,305.00	2.80	7,806.80	3.80	9,107.00	3.80	9,107.00	3.80	9,107.00	3.50	9,107.00
Generators -																	
28	55,405	4.30	249,313.50	5.35	296,404.05	5.35	296,404.05	5.35	296,404.05	5.35	296,404.05	6.00	332,418.00	6.00	332,418.00	6.00	332,418.00
Jacks -																	
130 61 Mtg.	399,130	* .32	127,718.40	.40	159,648.00	.40	159,648.00	.40	159,648.00	.40	159,648.00	.40	159,648.00	.40	159,648.00	.40	159,648.00
127 60 Mtg.	336,630	* .28	94,253.60	.35	117,817.00	.35	117,817.00	.35	117,817.00	.35	117,817.00	.35	117,817.00	.35	117,817.00	.35	117,817.00
Lugs -																	
36	4,007	.75	4,505.25	.90	3,606.30	.90	3,606.30	.90	3,606.30	.90	3,606.30	1.00	4,007.00	1.00	4,007.00	1.00	4,007.00
110	19,152	.75	14,364.00	1.00	19,152.00	1.00	19,152.00	1.00	19,152.00	1.00	19,152.00	1.00	19,152.00	1.00	19,152.00	1.00	19,152.00
Lamps -																	
14	807,228	.13	76,084.20	.25	126,807.00	.31	157,960.68	.31	157,960.68	.31	157,960.68	.31	157,960.68	.31	157,960.68	.31	157,960.68
22	475,321	.20	95,104.20	.25	118,880.25	.31	147,411.51	.31	147,411.51	.31	147,411.51	.31	147,411.51	.31	147,411.51	.31	147,411.51
Lamp Caps -																	
27-A	546,441	.13	61,949.15	.15	81,949.15	.15	81,949.15	.12	65,573.28	.12	65,573.28	.12	65,573.28	.12	65,573.28	.12	65,573.28
Lamp Sockets -																	
12	214,789	.13	32,218.35	.25	53,697.25	.25	53,697.25	.25	53,697.25	.25	53,697.25	.25	53,697.25	.25	53,697.25	.25	53,697.25
Plugs -																	
24	739,666	.75	369,736.50	.90	443,681.40	1.00	739,666.00	1.00	739,666.00	1.00	739,666.00	1.25	949,597.50	1.25	949,597.50	1.25	949,597.50
22	644,375	.75	484,031.25	.90	581,137.50	1.00	644,375.00	1.00	644,375.00	1.00	644,375.00	1.25	805,218.75	1.25	805,218.75	1.25	805,218.75
23	35,731	.75	26,798.25	.90	32,157.90	1.00	35,731.00	1.00	35,731.00	1.00	35,731.00	1.25	44,663.75	1.25	44,663.75	1.25	44,663.75
Relays -																	
221-A	54,449	* 1.23	66,142.08	2.40	82,877.60	2.40	82,877.60	2.20	110,226.88	2.20	110,226.88	2.20	110,226.88	2.20	110,226.88	2.20	110,226.88
202-E	30,160	* 1.32	39,811.20	1.65	49,764.00	1.65	49,764.00	2.40	72,384.00	2.40	72,384.00	2.40	72,384.00	2.40	72,384.00	2.40	72,384.00
204-29	27,033	* 1.86	44,394.12	2.05	55,417.65	2.05	55,417.65	2.80	75,692.40	2.80	75,692.40	2.80	75,692.40	2.80	75,692.40	2.80	75,692.40
204-27	27,027	* 1.64	45,724.68	2.05	57,168.35	2.05	57,168.35	3.05	82,063.29	3.05	82,063.29	3.05	82,063.29	3.05	82,063.29	3.05	82,063.29
Repeating Coils - (2) 11-A	18,971	* 5.60	105,697.60	7.00	132,097.00	7.00	132,097.00	9.00	170,748.00	10.00	188,710.00	10.00	188,710.00	10.00	188,710.00	10.00	188,710.00
Resistances -																	
11-A (21-Type Coil)	23,183	* .72	16,691.04	.90	19,063.80	.90	19,063.80	.90	19,063.80	.90	19,063.80	.90	19,063.80	.90	19,063.80	.90	19,063.80
10-C (24-Type Coil)	12,867	* .75	9,644.34	.90	11,580.30	.90	11,580.30	.90	11,580.30	.90	11,580.30	.90	11,580.30	.90	11,580.30	.90	11,580.30
Subscribers' Sets - 1128-ST	530,760	4.45	2,401,982.00	3.95	2,128,032.00	3.15	1,700,244.00	5.30	2,860,728.00	5.80	3,130,908.00	5.80	3,130,908.00	5.75	3,103,620.00	5.30	2,906,752.00
Total			$7,790,012.04		$8,288,196.48		$8,205,940.34		$10,662,284.26		$11,808,207.75		$12,806,848.28		$12,880,739.28		$11,386,954.12

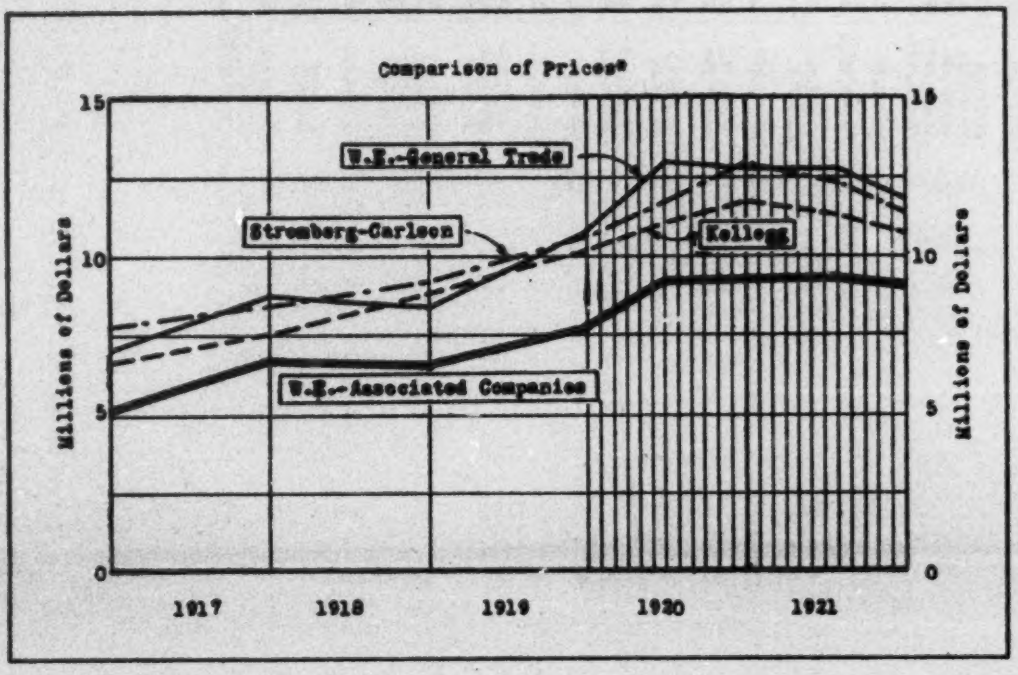
No. 286 A.

* Estimated from price trends.

EXHIBIT 2

EXHIBIT 3

COMPARATIVE PRICES FOR SIMILAR APPARATUS
MANUFACTURED BY
WESTERN ELECTRIC CO., INC., STROMBERG-CARLSON TEL. MFG. CO.,
KELLOGG SWITCHBOARD AND SUPPLY CO.



Date	Western Electric Company, Inc.		Kellogg Switchboard and Supply Company +	Stromberg-Carlson Tel.Mfg.Co. +
	Associated Companies	General Trade		
Jan. 1, 1917	$5,069,744	$ 7,034,336	$ 6,576,458	$ 7,790,012
Jan. 1, 1918	6,564,544	8,734,322	7,502,488	8,382,134
Jan. 1, 1919	6,466,027	8,435,480	8,841,686	9,305,440
Jan. 1, 1920	7,691,747	10,743,735	10,195,804	10,662,354
July 1, 1920	9,142,394	12,855,559	11,011,652	11,602,508
Jan. 1, 1921	9,142,394	13,747,607	11,562,485	12,808,865
July 1, 1921	9,142,394	12,747,607	11,173,648	12,280,739
Jan. 1, 1922	9,007,454	11,841,601	10,722,319	11,306,954

NOTES: * Figures based on prices for 31 leading items of Western Electric, Stromberg-Carlson and Kellogg equipment, weighted by Western Electric sales for 1919.

+ Kellogg and Stromberg-Carlson figures quoted in table represent the lowest advertised prices.

WESTERN ELECTRIC COMPANY, INCORPORATED.

PRICES TO ASSOCIATED COMPANIES FOR TELEPHONE APPARATUS.

Item (a)	Approximate Total Sales 1919 (b)	January 1, 1917 Price (c)	January 1, 1917 Amount (d)	January 1, 1918 Price (e)	January 1, 1918 Amount (f)	January 1, 1919 Price (g)	January 1, 1919 Amount (h)	January 1, 1920 Price (i)	January 1, 1920 Amount (j)	July 1, 1920 Price (k)	July 1, 1920 Amount (l)	January 1, 1921 Price (m)	January 1, 1921 Amount (n)	July 1, 1921 Price (o)	July 1, 1921 Amount (p)	January 1, 1922 Price (q)	January 1, 1922 Amount (r)
Condensers -																	
21-B	98,822	$ .75	$ 73,861.50	$ .75	$ 73,861.50	$ .75	$ 73,861.50	$ .90	$ 88,987.80	$1.10	$ 108,880.20	$1.10	$ 108,880.20	$1.10	$ 108,880.20	$1.10	$ 108,880.20
21-L	80,094	.75	60,823.00	.75	60,823.00	.75	60,823.00	.90	72,084.60	1.10	88,703.40	1.10	88,703.40	1.10	88,703.40	1.10	88,703.40
Cords -																	
27 6'	160,357	.51	81,782.07	.57	91,403.49	.57	91,403.49	.70	112,249.90	1.00	160,357.00	1.00	160,357.00	1.00	160,357.00	1.00	160,357.00
447 6-1/2'	509,346	.40	241,998.00	.55	331,704.75	.55	331,704.75	.65	392,105.25	.83	512,758.25	.83	512,758.25	.83	512,758.25	.85	512,758.25
448 6-1/2'	481,041	.39	197,471.39	.56	348,083.25	.56	348,083.25	.65	393,189.65	.80	383,401.05	.80	383,401.05	.83	383,401.05	.85	383,401.05
549 2-1/2'	1,648,284	.2[illegible]	193,673.41	.19	247,248.00	.19	247,248.00	.28	313,176.24	.28	441,520.08	.28	441,520.08	.28	441,520.08	.28	441,520.08
550 3-1/2'	1,553,310	.30	440,853.00	.35	536,730.50	.35	536,730.50	.44	705,414.60	.49	996,781.50	.63	996,781.50	.63	996,781.50	.65	996,781.50
Cord Weights -																	
116	152,326	.15	24,389.90	.20	32,517.20	.20	32,517.20	.24	39,080.64	.29	47,149.94	.29	47,149.94	.29	47,149.94	.29	47,149.94
Desk Stands -																	
20-AL	501,138	1.20	731,707.08	2.10	1,052,389.80	2.10	1,052,389.80	2.68	1,338,013.70	3.05	1,528,470.90	3.05	1,528,470.90	3.05	1,528,470.90	3.05	1,528,470.90
Drops -																	
19-C	7,031	.95	6,679.45	1.30	9,140.30	1.30	9,140.30	1.56	10,966.68	1.95	13,710.45	1.95	13,710.45	1.95	13,710.45	1.95	13,710.45
34-B	2,605	.85	2,211.70	1.15	2,995.30	1.15	2,995.30	1.40	3,647.00	1.75	4,558.50	1.75	4,558.50	1.75	4,558.50	1.75	4,558.50
Generators -																	
48-A	53,405	3.30	180,099.75	3.75	207,761.25	3.75	207,761.25	4.50	240,318.50	4.91	274,344.85	4.95	274,344.85	4.95	274,344.85	4.95	274,344.85
Jacks -																	
44 114 Mtg.	899,130	.15	71,841.60	.25	99,782.00	.25	99,782.00	.28	113,744.80	.32	127,718.40	.32	127,718.40	.32	127,718.40	.32	127,718.40
92 113 "	884,680	.19	68,197.80	.25	84,153.00	.25	84,153.00	.29	97,619.80	.32	107,718.40	.32	107,718.40	.32	107,718.40	.32	107,718.40
Keys -																	
93-A	4,007	.80	3,005.80	.70	4,204.90	.70	4,204.90	.85	5,105.95	1.00	4,007.00	1.00	4,007.00	1.00	4,007.00	1.00	4,007.00
93-B	13,132	.80	9,994.80	.70	13,404.40	.70	13,404.40	.85	16,279.20	1.00	13,132.00	1.00	13,132.00	1.00	13,132.00	1.00	13,132.00
Lamps -																	
3-F	827,288	.15	76,004.20	.25	126,807.00	.25	126,807.00	.25	126,807.00	.28	142,023.84	.28	142,023.84	.28	142,023.84	.28	142,023.84
7-G	475,921	.15	71,388.15	.23	110,680.23	.23	110,680.23	.23	110,680.23	.28	133,145.88	.28	133,145.88	.28	133,145.88	.28	133,145.88
Lamp Caps -																	
3-AY	544,461	.05	27,223.05	.07	38,232.27	.07	38,232.27	.07	38,232.27	.07	38,232.27	.07	38,232.27	.07	38,232.27	.07	38,232.27
Lamp Sockets -																	
13	214,789	.13	25,734.68	.15	32,218.35	.15	32,218.35	.16	34,366.24	.17	36,514.13	.17	36,514.13	.17	36,514.13	.17	36,514.13
Plugs -																	
109	739,648	.65	480,769.90	.80	607,716.80	.80	607,716.80	.90	665,681.40	.90	665,681.40	.90	665,681.40	.90	665,681.40	.90	665,681.40
110	644,873	.62	399,821.30	.72	462,682.80	.72	462,682.80	.75	484,281.23	.90	581,217.50	.90	581,217.50	.90	581,217.50	.90	581,217.50
127	88,721	.56	21,643.28	1.06	97,217.26	1.06	97,217.26	1.15	41,000.45	1.40	50,023.40	1.40	50,023.40	1.40	50,023.40	1.40	50,023.40
Relays -																	
A-1	34,449	.90	31,004.10	1.20	41,338.80	1.20	41,338.80	1.30	44,783.70	1.55	53,395.95	1.55	53,395.95	1.55	53,395.95	1.55	53,395.95
A-2	20,140	.70	11,113.00	.95	28,682.00	.98	28,682.00	1.08	31,668.00	1.35	37,700.00	1.35	37,700.00	1.35	37,700.00	2.00	34,066.00
E-6	27,033	*1.13	31,027.05	1.50	40,549.50	1.50	40,549.50	1.63	44,004.45	2.00	54,066.00	2.00	54,066.00	2.00	54,066.00	2.35	63,534.45
E-7	27,007	*1.35	27,647.48	1.75	48,088.25	1.75	48,088.25	1.95	54,378.65	2.35	63,534.45	2.35	63,534.45	2.35	63,534.45	2.35	63,534.45
Repeating Coils -																	
25-A	18,871	4.25	80,221.75	5.50	106,790.50	6.00	113,226.00	7.50	138,971.50	7.55	142,476.05	7.55	142,476.05	7.55	142,476.05	7.55	142,476.05
Resistances -																	
18-AS	21,182	.20	4,236.40	.30	6,354.60	.30	6,354.60	.36	7,625.52	.47	9,955.54	.47	9,955.54	.47	9,955.54	.47	9,955.54
18-AF	12,647	.20	2,529.40	.30	3,794.10	.30	3,794.10	.36	4,552.92	.37	4,679.39	.37	4,679.39	.37	4,679.39	.47	4,047.49
Subscribers' Sets -																	
534-A	530,760	2.65	1,406,514.00	3.30	1,751,508.00	3.10	1,675,356.00	3.70	1,997,113.00	4.30	2,324,268.00	4.30	2,324,268.00	4.30	2,324,268.00	3.95	2,132,052.00
Total			$6,049,748.54		$6,544,343.51		$6,444,027.31		$7,681,747.46		$8,142,394.43		$8,142,394.43		$8,142,394.43		$8,007,454.43

* Estimated from price trends.

No. 9114.

EXHIBIT 3

EXHIBIT 4

WESTERN ELECTRIC COMPANY, INCORPORATED.

PRICES FOR TELEPHONE APPARATUS TO ASSOCIATED COMPANIES UNDER STANDARD SUPPLY CONTRACT COMPARED WITH PRICES TO GENERAL TRADE.

JANUARY 1, 1922.

The Western Electric Company, Incorporated, sells telephone apparatus of its own manufacture under two price lists - one to the Associated Companies and the other to the General Trade.

Associated Company prices are, in general, substantially lower and are never higher than the lowest General Trade prices and are fixed regardless of the quantity ordered. That is, the price is the same for an order of one as for a maximum order of any given item. The General Trade prices, however, follow general business practice in providing lower prices for wholesale quantities. The attached sheets compare the prices to the Associated Companies for an order of one or more with the prices to the General Trade for maximum quantities.

A price book is published for each class of customer but all the items in the price book for the Associated Companies do not appear in the price book for the General Trade, because certain important items of patented apparatus, such as loading coils are sold only to the Associated Companies.

The attached sheets compare the prices in effect January 1, 1922 to the Associated Companies and to the General Trade for all items of equipment published in both price lists. In each case the price to the General Trade is the lowest allowed. The amount of the increase in the price to the General Trade over the price to the Associated Companies is shown for each item in both amount and per cent.

The following summarizes the results of this study:

Number of items priced both to Associated Companies and to General Trade 1,800

Per cent. increase in price to General Trade over price to Associated Companies:

Highest (Bridging Connectors 1, 2 and 3)	100%
Lowest (Relay 191-A)	18.84%
Average	34.23%

E. V. COX,
Supply Contract Auditor.

No. 245, Sheet 1.

[illegible] MANUFACTURING COMPANY, INCORPORATED.

PRICES FOR VENTILATING APPARATUS TO ASSOCIATED COMPANIES UNDER STOCK-AND-SUPPLY CONTRACT COMPARED WITH PRICES TO GENERAL TRADE.

JANUARY 1, 1922.

Item (a)	Price to Associated Companies (b)	Price to General Trade (c)	Prices to General Trade Higher by Amount (d)	Prices to General Trade Higher by Per cent (e)	Item (f)	Price to Associated Companies (g)	Price to General Trade (h)	Prices to General Trade Higher by Amount (i)	Prices to General Trade Higher by Per cent (j)	Item (k)	Price to Associated Companies (l)	Price to General Trade (m)	Prices to General Trade Higher by Amount (n)	Prices to General Trade Higher by Per cent (o)
Baseboards -					Type F									
98	$ .21	$ .36	$ .09	66.66	100 pr.	$ .82706	$ 1.23	$ .32940	36.66	B-102-A	$ 62.25	$ 97.20	$ 10.35	36.00
134-B Unlwd	2.25	3.60	.90	36.36	110	1.48407	1.96	.41593	28.75	B	63.28	87.00	23.75	36.62
Sub	2.15	3.75	.98	37.51	120	1.50	1.98	.45	28.75	C	66.56	91.00	23.75	36.81
138-B Unlwd	2.40	3.80	.98	37.80	130	1.50000	1.79	.406198	28.75	Free Standers -				
Sub	2.30	3.85	.98	41.30	140	1.61986	2.110	.482145	28.75	B-60-A	17.80	28.35	6.21	68.13
146-A	.78	.90	.30	38.17	200	1.62675	2.06	.488820	28.09	61-A	26.20	37.75	11.25	68.46
146-B	1.20	1.15	.46	66.91	220	2.0324	2.675	.64254	28.83	76-A	27.25	51.00	14.38	38.64
147-A	.30	.42	.12	40.00	240	2.2053	2.80	.7179	26.96	B	27.75	38.00	14.25	37.75
150-A	.78	1.00	.30	42.86	260	2.36666	3.05	.781665	24.81	C	29.00	54.00	15.00	38.46
Battery Boxes -					280	2.60111	3.72	.911286	28.26	163-A	45.75	59.25	15.75	34.42
1-A	.75	1.20	.45	36.36	Type G					B	44.25	61.00	16.50	37.28
2-A	2.75	4.40	.90	36.36	5	.1188	.186	.0668	33.33	C	66.25	81.00	16.50	35.48
Binding Posts -					10	.1595	.21	.0507	31.65	Cable Grips -				
22-A	.026	.04	.011	42.86	15	.2813	.348	.0638	31.51	1-A	26.40	35.20	7.20	36.80
Bridging Connectors -					20	.23763	.313	.07730	30.55	B	29.25	36.75	7.70	30.51
1	.030	.07	.035	100.00	25	.2775	.37	.09225	33.33	C	67.20	68.25	15.75	36.85
2	.05	.08	.04	100.00	30	.31275	.413	.10025	32.61	2-A	116.25	146.00	30.30	26.15
3	.044	.13	.041	100.00	40	.4163	.575	.1587	38.48	B	160.25	213.00	44.05	26.07
Bumpers -					50	.5307	.69	.1593	30.01	C	163.40	202.75	38.35	23.51
2-A	1.25	2.00	.60	30.06	Type H					D	159.70	191.75	32.05	20.07
B	2.30	3.13	.80	36.06	5	.1322	.18045	.04220	29.82	E	216.20	259.75	43.55	19.98
3-A	.50	1.10	.30	37.50	10	.1515	.20016	.04965	23.05	F	224.70	1,000.25	107.55	26.00
B	1.10	1.60	.45	38.36	15	.2888	.36198	.072165	27.05	G	1,209.10	1,207.40	207.90	20.01
B	.80	1.30	.30	37.50	20	.34165	.4172	.07715	20.13	Cable Collectors -				
Cable -					25	.3968	.502	.09215	28.51	7-J	9.25	12.00	2.45	26.16
1016	.40	.525	.125	24.35	30	.45265	.5184	.065565	28.83	K	9.25	12.30	2.75	29.36
1026	.388	.500	.00	28.53	40	.6693	.87305	.13375	27.54	Condensers -				
1070	.60	.7715	.1288	28.53	50	.8197	.10513	.15140	28.43	83-B	1.20	1.60	.30	37.07
1066	.525	.660	.14	26.67	Cable Terminals -					H	1.20	1.60	.30	37.07
6016	.3825	.3825	.00	26.65	Without Cable Studs					F	.85	1.20	.35	33.33
6026	.268	.33	.062	26.53	0-A	4.00	5.40	1.40	35.00	H	.85	1.20	.35	33.33
6050	.3975	.500	.0975	27.71	B	4.20	5.70	1.50	35.71	J	.85	1.15	.30	35.29
6060	.3975	.50025	.103	26.65	C	4.50	6.10	1.60	35.11	K	.85	1.20	.35	33.00
6065	.3975	.50025	.103	26.65	D	4.85	6.60	1.75	36.06	L	1.20	1.65	.45	37.67
6066	.45	.71	.26	36.70	E	5.40	10.10	2.70	50.00	M	.85	1.15	.30	35.29
6069	1.00	1.3375	.3775	36.40	10-A	5.40	8.20	.80	17.31	N	1.20	1.60	.40	33.33
6070	.455	.575	.12	26.37	B	5.80	8.20	.40	16.14	P	.85	.60	.17	39.53
6075	.35	.4425	.0925	26.17	C	6.40	9.25	.80	14.46	Q	1.20	1.60	.40	33.33
6076	.1375	.175	.0375	27.27	16-B	9.40	7.80	1.40	33.65	R	.85	.60	.25	33.33
6078	.260	.325	.05	27.01	C	9.60	8.90	2.25	34.83	T	.85	1.20	.35	33.06
6084	.1375	.1825	.105	26.65	D	9.90	10.25	2.35	31.06	V	1.15	1.50	.35	30.43
6087	.2825	.355	.06	26.67	With 6 ft. No. 22 Gauge					BB	.85	1.20	.35	33.06
6100	.30	.4075	.1075	26.39	Cable Stub -					CC	1.20	1.70	.40	30.77
6105	.45	.575	.125	27.75	0-A	5.45	7.65	2.00	36.40	DD	.85	1.20	.35	36.32
6106	.1375	.20	.0625	26.00	B	5.80	8.20	2.20	34.92	EE	.80	1.05	.25	31.25
6108	.245	.30825	.1375	26.35	C	6.75	11.20	3.00	36.06	EE	.80	1.05	.25	31.25
6307	.30	.75	.16	26.67	D	10.10	13.45	3.35	30.11	EE	2.85	3.75	.45	31.73
6115	.47	.6025	.1325	28.19	E	16.20	19.20	4.90	34.15	22-A	4.10	5.35	1.25	34.02
6116	.38	.4875	.1075	28.29	24-B	7.25	9.60	2.35	32.80	27-A	1.25	6.50	1.15	28.77
6117	.37	.475	.10	28.07	C	9.00	12.15	3.15	35.00	BB-A	19.25	23.75	4.50	23.66
6118	.295	1.545	.30	27.03	D	13.15	17.45	4.30	34.05	33-A	.85	1.10	.25	29.41
6120	.375	.4825	.0975	28.26	Type Cable Term. and Parts -					34-A	1.20	1.70	.50	37.50
6123	.375	.45	.125	28.00	Cable Term. Complete					B	1.30	1.75	.45	34.62
6125	.325	.35	.025	26.85	0-06	61.75	85.00	24.25	39.27	C	1.20	1.65	.45	36.67
6126	.325	.4225	.07	28.57	51	84.75	114.00	31.25	36.87	D	.85	1.20	.35	41.18
6127	.245	.30	.075	28.89	76	111.25	150.00	38.75	34.83	E	2.75	3.80	.85	30.91
6144	.245	.3125	.0675	26.75	102	139.00	172.00	43.00	33.33	F	3.30	3.80	.50	33.03
6178	1.00	1.3375	.3775	26.43	152	179.50	279.50	73.00	38.83	G	3.80	6.45	1.65	33.66
6179	.375	.500	.07	26.66	228	217.75	300.00	82.25	34.66	BB	3.80	5.05	1.25	37.50
6180	.30	.42	.09	26.67	304	405.00	555.00	144.50	36.64	EE	3.80	5.05	1.25	37.50
6181	.440	.5825	.1375	26.48	456	661.00	664.00	203.00	33.81	HH	3.80	5.05	1.25	37.50
Slip and Cotton Ins. Cable for Exchange and Interior Cond. -					Bases Only -					JJ	3.80	5.05	1.25	37.50
Type F					0-06	39.40	57.75	8.25	27.97	26-A	4.10	5.25	1.05	33.41
5 pr.	.1188	.165	.0462	31.13	51	53.40	63.00	9.60	20.56	27-A	3.40	4.80	1.20	33.33
10	.1232	.21	.0507	31.03	76	57.60	80.10	11.00	27.08	Connecting Blocks -				
14	.2013	.280	.0636	31.61	102	63.00	85.00	12.00	27.21	1-B	.67	.88	.21	27.66
20	.23745	.313	.07725	32.21	152	84.10	70.00	16.60	33.44	E	.80	1.05	.25	31.25
25	.2775	.37	.0925	33.33	228	82.25	80.00	17.75	28.21	F	1.05	1.35	.30	27.19
30	.31725	.415	.10275	32.41	304	110.00	141.00	31.00	28.18	G-1	1.30	1.65	.35	31.31
40	.4363	.575	.1407	32.60	456	155.00	154.00	34.00	27.87	J	1.75	2.25	.50	28.26
50	.5307	.69	.1593	32.51	Binding Post Counters -					C	2.25	2.90	.65	28.88
30	.39488	.75	.35512	38.75	B-56-A	33.25	53.00	7.75	30.41	D	2.10	2.85	1.00	35.71
40	.4824	.630	.150	31.06	61-A	34.75	36.25	10.50	48.42	E	2.30	3.30	1.00	29.27
75	.7875	.966	.1575	33.65	76-A	34.50	46.00	12.50	37.31	10-A	1.70	2.25	.55	30.44
80	.853	1.125	.272	31.04	B	36.75	48.25	13.50	38.86	B	2.05	2.75	.70	34.15
					C	38.25	50.25	14.00	36.48	C	2.40	4.60	2.20	57.70

No. 345 - Sheet 2.

EXHIBIT 4

EXHIBIT 4

[illegible] (continued).

AUGUST 1, 1928.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
[illegible]	*	[illegible]	[illegible]	[illegible]	*	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	*	[illegible]	[illegible]	[illegible]
[illegible]	*	[illegible]	[illegible]	[illegible]	*	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	*	[illegible]	[illegible]	[illegible]
[illegible]	*	[illegible]	[illegible]	[illegible]	*	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	*	[illegible]	[illegible]	[illegible]

No. 250 - Sheet 1.

PRICES FOR TELEPHONE APPARATUS TO ASSOCIATED COMPANIES UNDER STANDARD SUPPLY CONTRACT COMPARED WITH PRICES TO GENERAL TRADE (CONTINUED).

JANUARY 1, 1922.

Item (a)	Price to Associated Companies (b)	Price to General Trade (c)	Prices to General Trade Higher by Amount (d)	Prices to General Trade Higher by Per cent (e)	Item (f)	Price to Associated Companies (g)	Price to General Trade (h)	Prices to General Trade Higher by Amount (i)	Prices to General Trade Higher by Per cent (j)	Item (k)	Price to Associated Companies (l)	Price to General Trade (m)	Prices to General Trade Higher by Amount (n)	Prices to General Trade Higher by Per cent (o)
Gongs (Continued) -					186-A	$ 2.40	$ 3.33	$ .93	38.48	Key Levers -				
28-A	$ .32	$ .24	$ .06	33.33	A	1.35	1.35	.35	35.29	6-A	$ .47	$ .35	$ .12	33.30
29-A	.31	.24	.06	33.33	188-A	.95	1.35	.35	35.29	B	.47	.35	.12	33.30
30-A	.29	.21	.08	37.14	B	.95	1.33	.38	39.29	16-A	.47	.33	.14	39.36
31-A	.29	.21	.08	37.14	C	1.00	1.33	.33	33.00	B	.47	.33	.14	39.36
32-A	.32	.23	.09	39.09	D	1.00	1.33	.33	33.00	23-A	.98	1.33	.35	35.23
Ground Strips -					194-A	3.60	4.80	1.20	33.33	Key Spaces -				
1-A	.90	1.20	.30	33.33	B	3.60	4.73	1.13	31.73	102-A	.29	.40	.11	37.93
B	1.10	1.20	.10	34.34	196-A	3.60	4.80	1.20	33.33	B	.29	.40	.11	37.93
C	1.20	1.60	.40	33.33	198-A	3.73	4.78	.95	34.15	C	.43	.60	.17	39.53
Hand Set Hooks -					B	3.60	4.80	1.20	33.33	D	.43	.60	.17	39.53
1-A	1.50	2.00	.50	33.33	202-A	3.60	4.80	1.20	33.33	E	.43	.60	.17	39.53
B	1.80	2.00	.20	33.33	B	7.20	9.60	2.40	33.33	G	.43	.60	.17	39.53
C	2.00	2.00	.00	33.33	204-A	7.20	9.60	2.40	33.33	H	.43	.60	.17	39.53
Hand Set Hooks -					B	7.20	9.60	2.40	33.33	J	.29	.40	.11	37.93
1-A	1.50	2.00	.50	34.33	214-A	7.20	9.60	2.40	33.33	K	.29	.40	.11	37.93
B	1.80	2.00	.20	33.33	B	7.20	9.60	2.40	33.33	L	.29	.40	.11	37.93
C	2.00	2.00	.00	33.33	216-A	7.20	9.60	2.40	33.33	M	.29	.40	.11	37.93
Hook Switches -					B	7.20	9.60	2.40	33.33	N	.29	.40	.11	37.93	
1-A	3.90	5.20	1.30	33.33	218-A	7.20	9.60	2.40	33.33	P	.29	.40	.11	37.93
B	4.20	5.20	1.00	33.33	B	7.20	9.60	2.40	33.33	R	.29	.40	.11	37.93
C	4.40	5.20	.80	33.33	220-A	7.20	9.60	2.40	33.33	S	.29	.40	.11	37.93
Howlers -					B	7.20	9.60	2.40	33.33	T	.29	.40	.11	37.93
1-A	7.20	9.73	2.53	35.14	222-A	7.20	9.60	2.40	33.33	U	.29	.40	.11	37.93
C	7.20	9.73	2.53	35.14	B	7.20	9.60	2.40	33.33	V	.29	.40	.11	37.93
Interrupters -					224-A	7.20	9.60	2.40	33.33	W	.29	.40	.11	37.93
2-A	19.40	26.73	7.33	37.78	B	7.20	9.60	2.40	33.33	Y	.29	.40	.11	37.93
4	19.40	26.73	7.33	37.78	226-A	7.20	9.60	2.40	33.33	AA	.28	.38	.10	35.71
6	19.40	26.73	7.33	37.78	B	7.20	9.60	2.40	33.33	AB	.43	.60	.17	39.53
8	19.40	26.73	7.33	37.78	228-A	7.20	9.60	2.40	33.33	AC	.43	.60	.17	39.53
10-A	21.80	27.20	5.40	24.77	B	7.20	9.60	2.40	33.33	AD	.43	.60	.17	39.53
Jacks -					230-A	7.20	9.60	2.40	33.33	AE	.43	.60	.17	39.53
77	.98	1.30	.32	32.65	B	7.20	9.60	2.40	33.33	AF	.43	.60	.17	39.53
78	.78	.95	.17	21.79	232-A	7.20	9.60	2.40	33.33	AG	.43	.60	.17	39.53
79 (Unmounted)	.23	.28	.05	21.74	B	7.20	9.60	2.40	33.33	AH	.43	.60	.17	39.53
147	.33	.38	.05	15.15	234-A	7.20	9.60	2.40	33.33	AJ	.43	.60	.17	39.53
153	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	AK	.43	.60	.17	39.53
154	.33	.48	.15	45.45	236-A	7.20	9.60	2.40	33.33	240-A	.29	.40	.11	37.93
155	.33	.48	.15	45.45	B	7.20	9.60	2.40	33.33	B	.43	.60	.17	39.53
156	.33	.48	.15	45.45	238-A	7.20	9.60	2.40	33.33	242-A	.28	.38	.10	35.71
157	.33	.48	.15	45.45	B	7.20	9.60	2.40	33.33	B	.43	.60	.17	39.53
158	.33	.48	.15	45.45	240-A	7.20	9.60	2.40	33.33	C	.43	.60	.17	39.53
159	.33	.48	.15	45.45	B	7.20	9.60	2.40	33.33	D	.43	.60	.17	39.53
160	.44	.60	.16	36.36	242-A	7.20	9.60	2.40	33.33	E	.43	.60	.17	39.53
161	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	F	.43	.60	.17	39.53
162	.44	.60	.16	36.36	244-A	7.20	9.60	2.40	33.33	G	.43	.60	.17	39.53
163	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	H	.43	.60	.17	39.53
164	.44	.60	.16	36.36	246-A	7.20	9.60	2.40	33.33	J	.43	.60	.17	39.53
165	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	K	.43	.60	.17	39.53
166	.44	.60	.16	36.36	248-A	7.20	9.60	2.40	33.33	L	.43	.60	.17	39.53
167	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	M	.43	.60	.17	39.53
168	.44	.60	.16	36.36	250-A	7.20	9.60	2.40	33.33	N	.43	.60	.17	39.53
169	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	P	.43	.60	.17	39.53
170	.44	.60	.16	36.36	252-A	7.20	9.60	2.40	33.33	R	.43	.60	.17	39.53
171	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	S	.43	.60	.17	39.53
172	.44	.60	.16	36.36	254-A	7.20	9.60	2.40	33.33	T	.43	.60	.17	39.53
173	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	U	.43	.60	.17	39.53
174	.44	.60	.16	36.36	256-A	7.20	9.60	2.40	33.33	V	.43	.60	.17	39.53
175	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	W	.43	.60	.17	39.53
176	.44	.60	.16	36.36	258-A	7.20	9.60	2.40	33.33	Y	.43	.60	.17	39.53
177	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	AA	.43	.60	.17	39.53
178	.44	.60	.16	36.36	260-A	7.20	9.60	2.40	33.33	AB	.43	.60	.17	39.53
179	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	AC	.43	.60	.17	39.53
180	.44	.60	.16	36.36	262-A	7.20	9.60	2.40	33.33	AD	.43	.60	.17	39.53
181	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	AE	.43	.60	.17	39.53
182	.44	.60	.16	36.36	264-A	7.20	9.60	2.40	33.33	AF	.43	.60	.17	39.53
183	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	AG	.43	.60	.17	39.53
184	.44	.60	.16	36.36	266-A	7.20	9.60	2.40	33.33	AH	.43	.60	.17	39.53
185	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	AJ	.43	.60	.17	39.53
186	.44	.60	.16	36.36	268-A	7.20	9.60	2.40	33.33	AK	.43	.60	.17	39.53
187	.44	.60	.16	36.36	B	7.20	9.60	2.40	33.33	430-A	.29	.40	.11	37.93
Jack Fasteners -					270-A	7.20	9.60	2.40	33.33	468-A	1.40	1.93	.53	37.85
14	.84	.80	.26	32.50	B	7.20	9.60	2.40	33.33	Lamps -				
Keys -					272-A	7.20	9.60	2.40	33.33	2-A	.28	.38	.07	23.80
93-A	1.80	1.60	.40	33.33	B	7.20	9.60	2.40	33.33	F	.28	.38	.07	23.80
B	1.80	1.60	.40	33.33	274-A	7.20	9.60	2.40	33.33	G	.28	.38	.07	23.80
102-A	4.80	6.35	1.35	33.75	B	7.20	9.60	2.40	33.33	H	.28	.38	.07	23.80
102-A	2.80	4.20	1.20	30.00	276-A	7.20	9.60	2.40	33.33	J	.28	.38	.07	23.80
109-A	2.80	3.80	.80	28.54	B	7.20	9.60	2.40	33.33	K	.28	.38	.07	23.80
110-A	4.80	3.45	1.45	34.52	278-A	7.20	9.60	2.40	33.33	L	.28	.38	.07	23.80
C	4.80	6.30	1.23	34.07	B	7.20	9.60	2.40	33.33	M	.28	.38	.07	23.80
111-A	1.80	2.80	.50	28.57	280-A	7.20	9.60	2.40	33.33	N	.28	.38	.07	23.80
114-A	2.80	3.50	.80	26.60	B	7.20	9.60	2.40	33.33	P	.28	.38	.07	23.80
115-A	1.80	2.60	.80	33.33	282-A	7.20	9.60	2.40	33.33	R	.28	.38	.07	23.80
B	1.80	2.60	.80	33.33	B	7.20	9.60	2.40	33.33	S	.28	.38	.07	23.80
C	2.00	2.60	.60	30.00	284-A	7.20	9.60	2.40	33.33	T	.28	.38	.07	23.80
120-A	3.15	4.10	1.30	30.77	B	7.20	9.60	2.40	33.33	U	.28	.38	.07	23.80
C	4.80	6.30	1.50	30.54	286-A	7.20	9.60	2.40	33.33	V	.28	.38	.07	23.80
121-A	2.10	2.70	.60	28.58	B	7.20	9.60	2.40	33.33	W	.28	.38	.07	23.80
122-A	1.80	2.40	.60	33.33	288-A	7.20	9.60	2.40	33.33	Y	.28	.38	.07	23.80
123-A	2.40	3.20	.80	33.33	B	7.20	9.60	2.40	33.33	AA	.28	.38	.07	23.80
124-A	2.80	3.80	.80	28.57	290-A	7.20	9.60	2.40	33.33	AB	.28	.38	.07	23.80
B	2.80	3.80	.80	28.57	B	7.20	9.60	2.40	33.33	AC	.28	.38	.07	23.80
125-A	2.80	3.80	.80	28.57	292-A	7.20	9.60	2.40	33.33	AD	.28	.38	.07	23.80
126-A	2.80	3.80	.80	28.57	B	7.20	9.60	2.40	33.33	AE	.28	.38	.07	23.80
127-A	1.75	2.25	.50	28.57	294-A	7.20	9.60	2.40	33.33	AF	.28	.38	.07	23.80
128-A	2.80	3.80	.80	28.57	B	7.20	9.60	2.40	33.33	AG	.28	.38	.07	23.80
129-A	1.80	2.60	.80	33.33	296-A	7.20	9.60	2.40	33.33	AH	.28	.38	.07	23.80
130-A	2.80	4.80	1.20	33.33	B	7.20	9.60	2.40	33.33	AJ	.28	.38	.07	23.80
131-A	2.80	3.73	.93	33.21	298-A	7.20	9.60	2.40	33.33	AK	.28	.38	.07	23.80
B	2.80	3.73	.93	33.21	B	7.20	9.60	2.40	33.33	Lamp Caps -				
132-A	2.80	3.73	.93	33.21	300-A	7.20	9.60	2.40	33.33	2-A	.21	.28	.06	28.56
133-A	2.80	3.73	.93	33.21	B	7.20	9.60	2.40	33.33	B	.21	.28	.06	28.56
134-A	2.80	4.80	1.20	33.33	302-A	7.20	9.60	2.40	33.33	C	.21	.28	.06	28.56
135-A	2.63	3.50	.90	33.90	B	7.20	9.60	2.40	33.33	D	.21	.28	.06	28.56
B	2.80	3.75	.95	33.91	304-A	7.20	9.60	2.40	33.33	2-B	.21	.28	.06	28.56
136-A	2.80	3.73	.93	33.21	B	7.20	9.60	2.40	33.33	E	.21	.28	.06	28.56
137-A	2.80	3.73	1.23	33.00	306-A	7.20	9.60	2.40	33.33	F	.21	.28	.06	28.56
137-A	2.80	3.80	.80	28.62	B	7.20	9.60	2.40	33.33	G	.21	.28	.06	28.56
138-A	2.80	3.33	1.30	33.77	C	7.20	9.60	2.40	33.33	H	.21	.28	.06	28.56
140-A	.80	1.10	.30	37.50	C	7.20	9.60	2.40	33.33	J	.21	.28	.06	28.56

PRICES FOR TELEPHONE APPARATUS TO ASSOCIATED COMPANIES UNDER STANDARD SUPPLY CONTRACT COMPARED WITH PRICES TO GENERAL TRADE (CONTINUED).

JANUARY 1, 1922.

Item (a)	Price to Associated Companies (b)	Price to General Trade (c)	Prices to General Trade Higher by Amount (d)	Prices to General Trade Higher by Per cent (e)	Item (f)	Price to Associated Companies (g)	Price to General Trade (h)	Prices to General Trade Higher by Amount (i)	Prices to General Trade Higher by Per cent (j)	Item (k)	Price to Associated Companies (l)	Price to General Trade (m)	Prices to General Trade Higher by Amount (n)	Prices to General Trade Higher by Per cent (o)
Loop Caps (Continued) -					600-A	$ 1.15	$ 1.50	$ .45	30.13	691-A	$ .14	$ .22	$ .06	57.14
AE	.11	.15	.04	36.36	B	1.90	2.65	.75	39.75	692-A	1.15	1.60	.45	39.13
AF	.11	.15	.04	36.36	605-B	2.30	3.10	.80	34.78	693-A	.13	.18	.05	38.46
AK	.11	.15	.04	36.36	606-A	.88	1.30	.45	51.18	696-A	.32	.36	.13	39.69
AT	.11	.15	.04	36.36	B	2.30	3.10	.80	34.78	699-A	1.98	2.80	.40	31.26
5-AU	.11	.15	.04	36.36	C	1.00	1.40	.40	40.00	699-A	.63	.80	.17	39.53
AV	.11	.15	.04	36.36	D	1.20	1.75	.55	34.43	B	.63	.88	.17	39.53
AY	.07	.10	.03	42.86	E	1.00	1.40	.40	40.00	C	.56	.78	.22	40.00
AZ	.11	.15	.04	36.36	F	2.45	3.20	.85	33.06	699-A	1.43	1.96	.50	34.46
BC	.11	.15	.04	36.36	609-B	1.00	1.40	.40	40.00	699-A	2.50	3.35	.85	34.00
BD	.11	.15	.04	36.36	G	.80	1.10	.30	37.50	702-A	.32	.36	.13	19.69
BE	.11	.15	.04	36.36	H	1.10	1.50	.40	36.36	702-B	2.35	3.35	1.00	34.46
C-A	.11	.15	.04	36.36	609-A	.88	1.30	.45	51.18	702-A	.56	.78	.22	40.09
B	.10	.15	.04	40.00	B	1.00	1.40	.40	40.00	702-A	1.15	1.60	.45	39.13
C	.10	.15	.04	40.00	D	1.45	1.95	.50	34.48	D	1.48	2.48	.99	33.33
D	.10	.15	.04	40.00	E	1.00	1.40	.40	40.00	713-A	2.50	3.35	.85	34.00
F	.10	.15	.04	40.00	G	2.30	3.10	.80	34.78	714-B	2.50	3.35	.85	34.00
G	.10	.15	.04	40.00	J	1.00	1.40	.40	40.00	715-A	1.00	2.40	.99	33.33
H-A	.08	.08	.00	33.33	610-B	2.15	2.95	.80	37.21	722-A	2.50	3.35	.85	34.00
B	.11	.15	.04	36.36	H	2.15	2.95	.80	37.21	726-A	6.53	6.00	1.45	31.07
D	.11	.15	.04	36.36	F	5.40	7.55	1.40	33.45	728-A	1.38	1.73	.45	34.43
E	.11	.15	.04	36.36	615-A	4.30	6.35	1.80	32.61	728-A	1.79	2.33	.55	30.73
F	.11	.15	.04	36.36	616-A	1.00	1.40	.40	40.00	728-A	2.50	3.35	.85	34.00
G	.11	.15	.04	36.36	B	1.00	1.40	.40	40.00	732-A	2.60	3.50	.90	34.35
H	.11	.15	.04	36.36	H	2.75	3.70	.95	34.55	736-A	2.50	3.35	.85	34.00
J	.11	.15	.04	36.36	J	1.35	1.80	.45	33.33	736-A	2.75	3.75	1.00	36.36
K	.11	.15	.04	36.36	620-A	1.30	1.75	.40	30.68	737-A	1.88	2.48	.60	31.63
L	.11	.15	.04	36.36	622-B	2.10	2.88	.78	37.71	B	1.83	2.43	.60	32.63
R	.11	.15	.04	36.36	625-B	1.00	1.40	.40	33.33	C	1.88	2.48	.60	31.63
S	.11	.15	.04	36.36	C	2.15	2.85	.80	37.21	743-A	1.50	2.00	.50	33.33
T	.11	.15	.04	36.36	626-A	.69	.60	.11	37.03	Number Plates -				
U	.11	.15	.04	36.36	629-A	2.60	3.50	.90	34.61	1-B	.0966	.13	.0334	34.64
AA	.11	.15	.04	36.36	634-B	1.30	1.75	.45	34.61	17-B	.0966	.13	.0334	34.64
AB	.11	.15	.04	36.36	637-A	1.00	1.40	.40	40.00	21-B	.0966	.13	.0334	34.64
6-AC	.11	.15	.04	36.36	638-A	.70	.98	.28	40.00	23-A	.0966	.13	.0334	34.64
AD	.11	.15	.04	36.36	B	.70	.98	.28	40.00	C	.0966	.13	.0334	34.64
AE	.11	.15	.04	36.36	C	.70	.98	.28	40.00	D	.0966	.13	.0334	34.64
AF	.11	.15	.04	36.36	639-A	.63	.88	.17	39.53	30-A	.0966	.13	.0334	34.64
AH	.11	.15	.04	36.36	B	.63	.88	.17	39.53	31-A	.0966	.13	.0334	34.64
AK	.11	.15	.04	36.36	C	.63	.88	.17	39.53	55-B	.0966	.13	.0334	34.64
Lamp Sockets -					642-B	.70	1.00	.30	42.86	60-B	.0966	.13	.0334	34.64
12 1 per strip	.40	.80	.20	33.33	643-B	1.05	2.45	.40	33.43	107-B	.0966	.13	.0334	34.64
10 per strip	.35	.45	.15	41.83	C	.70	1.00	.30	42.86	108-A	.0863	.08	.0333	48.41
20 per strip	.34	.49	.15	47.06	644-A	.49	.70	.20	40.00	109-A	.0863	.08	.0333	48.45
11	.17	.25	.08	47.06	650-A	1.00	2.40	.40	33.33	133-A	.06	.0863	.0213	30.08
20 10 per strip	.44	.60	.15	36.36	660-A	.63	.88	.17	39.53	134-A	.35	.35	.00	34.62
20 per strip	.34	.49	.15	47.06	668-A	.29	.68	.11	37.93	139-A	.70	.91	.35	38.71
Line Connectors -					683-A	.70	1.00	.30	42.86	Plugs -				
C-A	.29	.68	.11	37.93	684-A	.49	.91	.28	41.67	15	.60	.88	.28	41.67
Line Poles -					690-A	.63	.88	.17	39.53	47-A	.63	.88	.25	41.45
6	9.61	11.90	2.53	23.88	693-A	.80	1.10	.30	37.50	B	.63	.88	.25	41.43
Message Registers -					695-A	.95	1.30	.35	41.19	100	.99	1.33	.34	30.80
5-A	4.50	6.00	1.50	33.33	696-A	.80	1.10	.30	37.50	110	.99	1.33	.34	37.76
B	4.80	6.45	1.65	32.99	697-A	.49	.65	.35	41.67	116	.95	.69	.35	33.86
10-A (without socket)	3.80	5.00	.80	34.47	B	.70	1.00	.30	42.86	125	3.39	4.33	.86	29.69
12804 Base and Socket	.80	1.05	.25	31.25	698-A	1.30	1.75	.45	34.48	133	5.45	6.10	1.65	47.36
12805 Socket	.55	.75	.19	40.00	701-A	.49	.65	.35	41.67	136	.99	.99	.00	33.33
Mounting Plates -					703-A	1.00	2.40	.40	33.33	137	1.40	1.86	.46	32.14
600-A	.68	1.20	.35	41.18	704-B	1.10	1.50	.40	36.36	141-A	1.30	1.70	.40	30.77
E	2.30	2.85	.75	32.72	706-A	1.30	1.75	.45	34.62	B	1.30	1.70	.40	30.77
F	.88	1.30	.35	41.18	D	1.40	1.85	.45	34.48	C	1.00	1.36	.40	38.36
G	1.00	1.40	.40	40.00	717-A	.68	1.10	.30	37.50	144	.35	.73	.38	36.36
H	.88	1.30	.35	41.18	718-A	1.00	1.40	.40	40.00	147	1.00	2.00	.55	39.73
J	2.30	2.85	.75	32.72	719-A	.49	.65	.23	41.67	148	1.30	1.78	.48	36.67
L	.68	1.10	.30	37.50	D	.68	1.20	.35	41.18	Plug Sets -				
M	.80	1.10	.30	37.50	720-A	2.35	4.35	1.10	33.88	13	.0825	.0998	.021	40.00
S	2.45	3.40	.95	38.08	721-B	1.15	1.60	.45	39.13	15	.0825	.0825	.021	40.00
601-A	.68	.90	.20	33.33	C	1.60	1.85	.45	32.14	15	.0742	.0825	.021	40.00
B	.68	.90	.20	33.33	722-A	1.20	2.00	.30	33.33	16	.0825	.0825	.021	40.00
C	.68	1.20	.30	33.33	726-A	1.30	1.75	.45	34.61	Polarized Bells -				
D	.68	1.20	.35	41.18	727-A	1.15	1.65	.45	39.13	3-A	3.13	4.00	.90	34.98
602-A	.78	1.20	.30	43.86	B	2.30	3.25	.85	36.98	B	1.73	2.30	.55	31.63
B	.88	1.10	.30	37.50	C	1.15	1.65	.45	39.13	C	1.98	2.63	.65	32.91
C	.68	1.30	.35	41.18	D	1.45	1.95	.50	34.48	Protectors -				
D	.68	1.10	.30	37.50	E	1.15	1.65	.45	39.13	17-A	.638	.88	.197	43.84
E	1.30	1.80	.48	36.26	F	1.45	1.95	.50	34.48	50-AF	1.0825	1.38	.34	31.73
F	1.25	1.65	.45	39.12	G	2.15	2.95	.80	37.21	60-A	.343	.48	.137	39.80
603-A	1.30	1.80	.48	36.26	H	2.30	3.20	1.60	32.90	B	.84	.78	.16	39.63
B	1.30	1.80	.45	39.13										

No. 843 - Sheet 5.

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EXHIBIT 4

PRICES FOR TELEPHONE APPARATUS TO ASSOCIATED COMPANIES UNDER STANDARD SUPPLY CONTRACT CONTRASTED WITH PRICES TO GENERAL TRADE (CONTINUED).

JANUARY 1, 1922.

Item (a)	Price to Associated Companies (b)	Price to General Trade (c)	Prices to General Trade Higher by: Amount (d)	Prices to General Trade Higher by: Per cent (e)
Protectors (Continued) -				
AF	$ .46	$ .80	$ .34	73.91
68-A	.265	.38	.115	43.36
B	.240	.42	.180	75.41
70-A	.263	.36	.127	37.74
B	.24	.33	.10	33.33
89-A	.23	.30	.07	30.41
110-A	.725	1.00	.257	34.69
B	.725	1.00	.257	34.69
119-A	.725	1.00	.257	34.69
Protector Blocks -				
1	.0675	.095	.0275	40.74
2	.080	.115	.035	46.67
3	.06	.08	.01	33.33
4	.0675	.090	.0225	33.33
15	.0675	.095	.0275	40.74
16	.0675	.095	.0275	40.74
17	.20	.27	.06	30.00
Protector Blocks -				
1	.055	.095	.04	72.73
15	.055	.095	.04	72.73
16	.055	.095	.04	72.73
17	.06	.08	.02	33.33
Protector Mountings -				
14	.17	.24	.07	41.17
14-B	.17	.24	.07	41.17
68	.12	.16	.04	33.33
68-A	.12	.18	.06	50.00
68-B	.12	.17	.05	41.67
68-C	.12	.17	.05	41.67
68-D	.12	.17	.05	41.67
68-E	.12	.17	.05	41.67
68-F	.12	.17	.05	41.67
68-G	.12	.17	.05	41.67
68-H	.12	.17	.05	41.67
68-I	.12	.17	.05	41.67
68-J	.12	.17	.05	41.67
68-K	.12	.17	.05	41.67
68-L	.12	.17	.05	41.67
68-M	.12	.17	.05	41.67
68-N	.12	.17	.05	41.67
68-O	.12	.17	.05	41.67
68-P	.12	.17	.05	41.67
68-Q	.12	.17	.05	41.67
68-R	.12	.17	.05	41.67
68-S	.12	.17	.05	41.67
68-T	.12	.17	.05	41.67
68-U	.12	.17	.05	41.67
68-V	.12	.17	.05	41.67
68-W	.12	.17	.05	41.67
68-X	.12	.17	.05	41.67
68-Y	.12	.17	.05	41.67
68-Z	.12	.17	.05	41.67
68-AA	.12	.17	.05	41.67
68-AB	.12	.17	.05	41.67
68-AC	.12	.17	.05	41.67
68-AD	.12	.17	.05	41.67
68-AE	.12	.17	.05	41.67
68-AF	.12	.17	.05	41.67
68-AG	.12	.17	.05	41.67
68-AH	.12	.17	.05	41.67
68-AI	.12	.17	.05	41.67
68-AJ	.12	.17	.05	41.67
68-AK	.12	.17	.05	41.67
68-AL	.12	.17	.05	41.67
68-AM	.12	.17	.05	41.67
68-AN	.12	.17	.05	41.67
68-AO	.12	.17	.05	41.67
68-AP	.12	.17	.05	41.67
68-AQ	.12	.17	.05	41.67
68-AR	.12	.17	.05	41.67
68-AS	.12	.17	.05	41.67
68-AT	.12	.17	.05	41.67
68-AU	.12	.17	.05	41.67
68-AV	.12	.17	.05	41.67
68-AW	.12	.17	.05	41.67
68-AX	.12	.17	.05	41.67
68-AY	.12	.17	.05	41.67
68-AZ	.12	.17	.05	41.67
68-BA	.12	.17	.05	41.67
68-BB	.12	.17	.05	41.67
68-BC	.12	.17	.05	41.67
68-BD	.12	.17	.05	41.67
68-BE	.12	.17	.05	41.67
68-BF	.12	.17	.05	41.67
68-BG	.12	.17	.05	41.67
68-BH	.12	.17	.05	41.67
68-BI	.12	.17	.05	41.67
68-BJ	.12	.17	.05	41.67
68-BK	.12	.17	.05	41.67
68-BL	.12	.17	.05	41.67
68-BM	.12	.17	.05	41.67
68-BN	.12	.17	.05	41.67
68-BO	.12	.17	.05	41.67
68-BP	.12	.17	.05	41.67
68-BQ	.12	.17	.05	41.67
68-BR	.12	.17	.05	41.67
68-BS	.12	.17	.05	41.67
68-BT	.12	.17	.05	41.67
68-BU	.12	.17	.05	41.67
68-BV	.12	.17	.05	41.67
68-BW	.12	.17	.05	41.67
68-BX	.12	.17	.05	41.67
68-BY	.12	.17	.05	41.67
68-BZ	.12	.17	.05	41.67
68-CA	.12	.17	.05	41.67
68-CB	.12	.17	.05	41.67
68-CC	.12	.17	.05	41.67
68-CD	.12	.17	.05	41.67
68-CE	.12	.17	.05	41.67
68-CF	.12	.17	.05	41.67
68-CG	.12	.17	.05	41.67
68-CH	.12	.17	.05	41.67
68-CI	.12	.17	.05	41.67
68-CJ	.12	.17	.05	41.67
68-CK	.12	.17	.05	41.67
68-CL	.12	.17	.05	41.67
68-CM	.12	.17	.05	41.67
68-CN	.12	.17	.05	41.67
68-CO	.12	.17	.05	41.67
68-CP	.12	.17	.05	41.67
68-CQ	.12	.17	.05	41.67
68-CR	.12	.17	.05	41.67
68-CS	.12	.17	.05	41.67
68-CT	.12	.17	.05	41.67
68-CU	.12	.17	.05	41.67
68-CV	.12	.17	.05	41.67
68-CW	.12	.17	.05	41.67
68-CX	.12	.17	.05	41.67
68-CY	.12	.17	.05	41.67
68-CZ	.12	.17	.05	41.67
68-DA	.12	.17	.05	41.67
68-DB	.12	.17	.05	41.67
68-DC	.12	.17	.05	41.67
68-DD	.12	.17	.05	41.67
68-DE	.12	.17	.05	41.67
68-DF	.12	.17	.05	41.67
68-DG	.12	.17	.05	41.67
68-DH	.12	.17	.05	41.67
68-DI	.12	.17	.05	41.67
68-DJ	.12	.17	.05	41.67
68-DK	.12	.17	.05	41.67
68-DL	.12	.17	.05	41.67
68-DM	.12	.17	.05	41.67
68-DN	.12	.17	.05	41.67
68-DO	.12	.17	.05	41.67
68-DP	.12	.17	.05	41.67
68-DQ	.12	.17	.05	41.67
68-DR	.12	.17	.05	41.67
68-DS	.12	.17	.05	41.67
68-DT	.12	.17	.05	41.67
68-DU	.12	.17	.05	41.67
68-DV	.12	.17	.05	41.67
68-DW	.12	.17	.05	41.67
68-DX	.12	.17	.05	41.67
68-DY	.12	.17	.05	41.67
68-DZ	.12	.17	.05	41.67
68-EA	.12	.17	.05	41.67
68-EB	.12	.17	.05	41.67
68-EC	.12	.17	.05	41.67
68-ED	.12	.17	.05	41.67
68-EE	.12	.17	.05	41.67
68-EF	.12	.17	.05	41.67
68-EG	.12	.17	.05	41.67
68-EH	.12	.17	.05	41.67
68-EI	.12	.17	.05	41.67
68-EJ	.12	.17	.05	41.67
68-EK	.12	.17	.05	41.67
68-EL	.12	.17	.05	41.67
68-EM	.12	.17	.05	41.67
68-EN	.12	.17	.05	41.67
68-EO	.12	.17	.05	41.67
68-EP	.12	.17	.05	41.67
68-EQ	.12	.17	.05	41.67
68-ER	.12	.17	.05	41.67
68-ES	.12	.17	.05	41.67
68-ET	.12	.17	.05	41.67
68-EU	.12	.17	.05	41.67
68-EV	.12	.17	.05	41.67
68-EW	.12	.17	.05	41.67
68-EX	.12	.17	.05	41.67
68-EY	.12	.17	.05	41.67
68-EZ	.12	.17	.05	41.67
68-FA	.12	.17	.05	41.67
68-FB	.12	.17	.05	41.67
68-FC	.12	.17	.05	41.67
68-FD	.12	.17	.05	41.67
68-FE	.12	.17	.05	41.67
68-FF	.12	.17	.05	41.67
68-FG	.12	.17	.05	41.67
68-FH	.12	.17	.05	41.67
68-FI	.12	.17	.05	41.67
68-FJ	.12	.17	.05	41.67
68-FK	.12	.17	.05	41.67
68-FL	.12	.17	.05	41.67
68-FM	.12	.17	.05	41.67
68-FN	.12	.17	.05	41.67
68-FO	.12	.17	.05	41.67
68-FP	.12	.17	.05	41.67
68-FQ	.12	.17	.05	41.67
68-FR	.12	.17	.05	41.67
68-FS	.12	.17	.05	41.67
68-FT	.12	.17	.05	41.67
68-FU	.12	.17	.05	41.67
68-FV	.12	.17	.05	41.67
68-FW	.12	.17	.05	41.67
68-FX	.12	.17	.05	41.67
68-FY	.12	.17	.05	41.67
68-FZ	.12	.17	.05	41.67
68-GA	.12	.17	.05	41.67
68-GB	.12	.17	.05	41.67
68-GC	.12	.17	.05	41.67
68-GD	.12	.17	.05	41.67
68-GE	.12	.17	.05	41.67
68-GF	.12	.17	.05	41.67
68-GG	.12	.17	.05	41.67
68-GH	.12	.17	.05	41.67
68-GI	.12	.17	.05	41.67
68-GJ	.12	.17	.05	41.67
68-GK	.12	.17	.05	41.67
68-GL	.12	.17	.05	41.67
68-GM	.12	.17	.05	41.67
68-GN	.12	.17	.05	41.67
68-GO	.12	.17	.05	41.67
68-GP	.12	.17	.05	41.67
68-GQ	.12	.17	.05	41.67
68-GR	.12	.17	.05	41.67
68-GS	.12	.17	.05	41.67
68-GT	.12	.17	.05	41.67
68-GU	.12	.17	.05	41.67
68-GV	.12	.17	.05	41.67
68-GW	.12	.17	.05	41.67
68-GX	.12	.17	.05	41.67
68-GY	.12	.17	.05	41.67
68-GZ	.12	.17	.05	41.67
68-HA	.12	.17	.05	41.67
68-HB	.12	.17	.05	41.67
68-HC	.12	.17	.05	41.67
68-HD	.12	.17	.05	41.67
68-HE	.12	.17	.05	41.67
68-HF	.12	.17	.05	41.67
68-HG	.12	.17	.05	41.67
68-HH	.12	.17	.05	41.67
68-HI	.12	.17	.05	41.67
68-HJ	.12	.17	.05	41.67
68-HK	.12	.17	.05	41.67
68-HL	.12	.17	.05	41.67
68-HM	.12	.17	.05	41.67
68-HN	.12	.17	.05	41.67
68-HO	.12	.17	.05	41.67
68-HP	.12	.17	.05	41.67
68-HQ	.12	.17	.05	41.67
68-HR	.12	.17	.05	41.67
68-HS	.12	.17	.05	41.67
68-HT	.12	.17	.05	41.67
68-HU	.12	.17	.05	41.67
68-HV	.12	.17	.05	41.67
68-HW	.12	.17	.05	41.67
68-HX	.12	.17	.05	41.67
68-HY	.12	.17	.05	41.67
68-HZ	.12	.17	.05	41.67
68-IA	.12	.17	.05	41.67
68-IB	.12	.17	.05	41.67
68-IC	.12	.17	.05	41.67
68-ID	.12	.17	.05	41.67
68-IE	.12	.17	.05	41.67
68-IF	.12	.17	.05	41.67
68-IG	.12	.17	.05	41.67
68-IH	.12	.17	.05	41.67
68-II	.12	.17	.05	41.67
68-IJ	.12	.17	.05	41.67
68-IK	.12	.17	.05	41.67
68-IL	.12	.17	.05	41.67
68-IM	.12	.17	.05	41.67
68-IN	.12	.17	.05	41.67
68-IO	.12	.17	.05	41.67
68-IP	.12	.17	.05	41.67
68-IQ	.12	.17	.05	41.67
68-IR	.12	.17	.05	41.67
68-IS	.12	.17	.05	41.67
68-IT	.12	.17	.05	41.67
68-IU	.12	.17	.05	41.67
68-IV	.12	.17	.05	41.67
68-IW	.12	.17	.05	41.67
68-IX	.12	.17	.05	41.67
68-IY	.12	.17	.05	41.67
68-IZ	.12	.17	.05	41.67
68-JA	.12	.17	.05	41.67
68-JB	.12	.17	.05	41.67
68-JC	.12	.17	.05	41.67
68-JD	.12	.17	.05	41.67
68-JE	.12	.17	.05	41.67
68-JF	.12	.17	.05	41.67
68-JG	.12	.17	.05	41.67
68-JH	.12	.17	.05	41.67
68-JI	.12	.17	.05	41.67
68-JJ	.12	.17	.05	41.67
68-JK	.12	.17	.05	41.67
68-JL	.12	.17	.05	41.67
68-JM	.12	.17	.05	41.67
68-JN	.12	.17	.05	41.67
68-JO	.12	.17	.05	41.67
68-JP	.12	.17	.05	41.67
68-JQ	.12	.17	.05	41.67
68-JR	.12	.17	.05	41.67
68-JS	.12	.17	.05	41.67
68-JT	.12	.17	.05	41.67
68-JU	.12	.17	.05	41.67
68-JV	.12	.17	.05	41.67
68-JW	.12	.17	.05	41.67
68-JX	.12	.17	.05	41.67
68-JY	.12	.17	.05	41.67
68-JZ	.12	.17	.05	41.67
68-KA	.12	.17	.05	41.67
68-KB	.12	.17	.05	41.67
68-KC	.12	.17	.05	41.67
68-KD	.12	.17	.05	41.67
68-KE	.12	.17	.05	41.67
68-KF	.12	.17	.05	41.67
68-KG	.12	.17	.05	41.67
68-KH	.12	.17	.05	41.67
68-KI	.12	.17	.05	41.67
68-KJ	.12	.17	.05	41.67
68-KK	.12	.17	.05	41.67
68-KL	.12	.17	.05	41.67
68-KM	.12	.17	.05	41.67
68-KN	.12	.17	.05	41.67
68-KO	.12	.17	.05	41.67
68-KP	.12	.17	.05	41.67
68-KQ	.12	.17	.05	41.67
68-KR	.12	.17	.05	41.67
68-KS	.12	.17	.05	41.67
68-KT	.12	.17	.05	41.67
68-KU	.12	.17	.05	41.67
68-KV	.12	.17	.05	41.67
68-KW	.12	.17	.05	41.67
68-KX	.12	.17	.05	41.67
68-KY	.12	.17	.05	41.67
68-KZ	.12	.17	.05	41.67
68-LA	.12	.17	.05	41.67
68-LB	.12	.17	.05	41.67
68-LC	.12	.17	.05	41.67
68-LD	.12	.17	.05	41.67
68-LE	.12	.17	.05	41.67
68-LF	.12	.17	.05	41.67
68-LG	.12	.17	.05	41.67
68-LH	.12	.17	.05	41.67
68-LI	.12	.17	.05	41.67
68-LJ	.12	.17	.05	41.67
68-LK	.12	.17	.05	41.67
68-LL	.12	.17	.05	41.67
68-LM	.12	.17	.05	41.67
68-LN	.12	.17	.05	41.67
68-LO	.12	.17	.05	41.67
68-LP	.12	.17	.05	41.67
68-LQ	.12	.17	.05	41.67
68-LR	.12	.17	.05	41.67
68-LS	.12	.17	.05	41.67
68-LT	.12	.17	.05	41.67
68-LU	.12	.17	.05	41.67
68-LV	.12	.17	.05	41.67
68-LW	.12	.17	.05	41.67
68-LX	.12	.17	.05	41.67
68-LY	.12	.17	.05	41.67
68-LZ	.12	.17	.05	41.67
68-MA	.12	.17	.05	41.67
68-MB	.12	.17	.05	41.67
68-MC	.12	.17	.05	41.67
68-MD	.12	.17	.05	41.67
68-ME	.12	.17	.05	41.67
68-MF	.12	.17	.05	41.67
68-MG	.12	.17	.05	41.67
68-MH	.12	.17	.05	41.67
68-MI	.12	.17	.05	41.67
68-MJ	.12	.17	.05	41.67
68-MK	.12	.17	.05	41.67
68-ML	.12	.17	.05	41.67
68-MM	.12	.17	.05	41.67
68-MN	.12	.17	.05	41.67
68-MO	.12	.17	.05	41.67
68-MP	.12	.17	.05	41.67
68-MQ	.12	.17	.05	41.67
68-MR	.12	.17	.05	41.67
68-MS	.12	.17	.05	41.67
68-MT	.12	.17	.05	41.67
68-MU	.12	.17	.05	41.67
68-MV	.12	.17	.05	41.67
68-MW	.12	.17	.05	41.67
68-MX	.12	.17	.05	41.67
68-MY	.12	.17	.05	41.67
68-MZ	.12	.17	.05	41.67
68-NA	.12	.17	.05	41.67
68-NB	.12	.17	.05	41.67
68-NC	.12	.17	.05	41.67
68-ND	.12	.17	.05	41.67
68-NE	.12	.17	.05	41.67
68-NF	.12	.17	.05	41.67
68-NG	.12	.17	.05	41.67
68-NH	.12	.17	.05	41.67
68-NI	.12	.17	.05	41.67
68-NJ	.12	.17	.05	41.67
68-NK	.12	.17	.05	41.67
68-NL	.12	.17	.05	41.67
68-NM	.12	.17	.05	41.67
68-NN	.12	.17	.05	41.67
68-NO	.12	.17	.05	41.67
68-NP	.12	.17	.05	41.67
68-NQ	.12	.17	.05	41.67
68-NR	.12	.17	.05	41.67
68-NS	.12	.17	.05	41.67
68-NT	.12	.17	.05	41.67
68-NU	.12	.17	.05	41.67
68-NV	.12	.17	.05	41.67
68-NW	.12	.17	.05	41.67
68-NX	.12	.17	.05	41.67
68-NY	.12	.17	.05	41.67
68-NZ	.12	.17	.05	41.67
68-OA	.12	.17	.05	41.67
68-OB	.12	.17	.05	41.67
68-OC	.12	.17	.05	41.67
68-OD	.12	.17	.05	41.67
68-OE	.12	.17	.05	41.67
68-OF	.12	.17	.05	41.67
68-OG	.12	.17	.05	41.67
68-OH	.12	.17	.05	41.67
68-OI	.12	.17	.05	41.67
68-OJ	.12	.17	.05	41.67
68-OK	.12	.17	.05	41.67
68-OL	.12	.17	.05	41.67
68-OM	.12	.17	.05	41.67
68-ON	.12	.17	.05	41.67
68-OO	.12	.17	.05	41.67
68-OP	.12	.17	.05	41.67
68-OQ	.12	.17	.05	41.67
68-OR	.12	.17	.05	41.67
68-OS	.12	.17	.05	41.67
68-OT	.12	.17	.05	41.67
68-OU	.12	.17	.05	41.67
68-OV	.12	.17	.05	41.67
68-OW	.12	.17	.05	41.67
68-OX	.12	.17	.05	41.67
68-OY	.12	.17	.05	41.67
68-OZ	.12	.17	.05	41.67
68-PA	.12	.17	.05	41.67
68-PB	.12	.17	.05	41.67
68-PC	.12	.17	.05	41.67
68-PD	.12	.17	.05	41.67
68-PE	.12	.17	.05	41.67
68-PF	.12	.17	.05	41.67
68-PG	.12	.17	.05	41.67
68-PH	.12	.17	.05	41.67
68-PI	.12	.17	.05	41.67
68-PJ	.12	.17	.05	41.67
68-PK	.12	.17	.05	41.67
68-PL	.12	.17	.05	41.67
68-PM	.12	.17	.05	41.67
68-PN	.12	.17	.05	41.67
68-PO	.12	.17	.05	41.67
68-PP	.12	.17	.05	41.67
68-PQ	.12	.17	.05	41.67
68-PR	.12	.17	.05	41.67
68-PS	.12	.17	.05	41.67
68-PT	.12	.17	.05	41.67
68-PU	.12	.17	.05	41.67
68-PV	.12	.17	.05	41.67
68-PW	.12	.17	.05	41.67
68-PX	.12	.17	.05	41.67
68-PY	.12	.17	.05	41.67
68-PZ	.12	.17	.05	41.67
68-QA	.12	.17	.05	41.67
68-QB	.12	.17	.05	41.67
68-QC	.12	.17	.05	41.67
68-QD	.12	.17	.05	41.67
68-QE	.12	.17	.05	41.67
68-QF	.12	.17	.05	41.67
68-QG	.12	.17	.05	41.67
68-QH	.12	.17	.05	41.67
68-QI	.12	.17	.05	41.67
68-QJ	.12	.17	.05	41.67
68-QK	.12	.17	.05	41.67
68-QL	.12	.17	.05	41.67
68-QM	.12	.17	.05	41.67
68-QN	.12	.17	.05	41.67
68-QO	.12	.17	.05	41.67
68-QP	.12	.17	.05	41.67
68-QQ	.12	.17	.05	41.67
68-QR	.12	.17	.05	41.67
68-QS	.12	.17	.05	41.67
68-QT	.12	.17	.05	41.67
68-QU	.12	.17	.05	41.67
68-QV	.12	.17	.05	41.67
68-QW	.12	.17	.05	41.67
68-QX	.12	.17	.05	41.67
68-QY	.12	.17	.05	41.67
68-QZ	.12	.17	.05	41.67
68-RA	.12	.17	.05	41.67
68-RB	.12	.17	.05	41.67
68-RC	.12	.17	.05	41.67
68-RD	.12	.17	.05	41.67
68-RE	.12	.17	.05	41.67
68-RF	.12	.17	.05	41.67
68-RG	.12	.17	.05	41.67
68-RH	.12	.17	.05	41.67
68-RI	.12	.17	.05	41.67
68-RJ	.12	.17	.05	41.67
68-RK	.12	.17	.05	41.67
68-RL	.12	.17	.05	41.67
68-RM	.12	.17	.05	41.67
68-RN	.12	.17	.05	41.67
68-RO	.12	.17	.05	41.67
68-RP	.12	.17	.05	41.67
68-RQ	.12	.17	.05	41.67
68-RR	.12	.17	.05	41.67
68-RS	.12	.17	.05	41.67
68-RT	.12	.17	.05	41.67
68-RU	.12	.17	.05	41.67
68-RV	.12	.17	.05	41.67
68-RW	.12	.17	.05	41.67
68-RX	.12	.17	.05	41.67
68-RY	.12	.17	.05	41.67
68-RZ	.12	.17	.05	41.67
68-SA	.12	.17	.05	41.67
68-SB	.12	.17	.05	41.67
68-SC	.12	.17	.05	41.67
68-SD	.12	.17	.05	41.67
68-SE	.12	.17	.05	41.67
68-SF	.12	.17	.05	41.67
68-SG	.12	.17	.05	41.67
68-SH	.12	.17	.05	41.67
68-SI	.12	.17	.05	41.67
68-SJ	.12	.17	.05	41.67
68-SK	.12	.17	.05	41.67
68-SL	.12	.17	.05	41.67
68-SM	.12	.17	.05	41.67
68-SN	.12	.17	.05	41.67
68-SO	.12	.17	.05	41.67
68-SP	.12	.17	.05	41.67
68-SQ	.12	.17	.05	41.67
68-SR	.12	.17	.05	41.67
68-SS	.12	.17	.05	41.67
68-ST	.12	.17	.05	41.67
68-SU	.12	.17	.05	41.67
68-SV	.12	.17	.05	41.67
68-SW	.12	.17	.05	41.67
68-SX	.12	.17	.05	41.67
68-SY	.12	.17	.05	41.67
68-SZ	.12	.17	.05	41.67
68-TA	.12	.17	.05	41.67
68-TB	.12	.17	.05	41.67
68-TC	.12	.17	.05	41.67
68-TD	.12	.17	.05	41.67
68-TE	.12	.17	.05	41.67
68-TF	.12	.17	.05	41.67
68-TG	.12	.17	.05	41.67
68-TH	.12	.17	.05	41.67
68-TI	.12	.17	.05	41.67
68-TJ	.12	.17	.05	41.67
68-TK	.12	.17	.05	41.67
68-TL	.12	.17	.05	41.67
68-TM	.12	.17	.05	41.67
68-TN	.12	.17	.05	41.67
68-TO	.12	.17	.05	41.67
68-TP	.12	.17	.05	41.67
68-TQ	.12	.17	.05	41.67
68-TR	.12	.17	.05	41.67
68-TS	.12	.17	.05	41.67
68-TT	.12	.17	.05	41.67
68-TU	.12	.17	.05	41.67
68-TV	.12	.17	.05	41.67
68-TW	.12	.17	.05	41.67
68-TX	.12	.17	.05	41.67
68-TY	.12	.17	.05	41.67
68-TZ	.12	.17	.05	41.67
68-UA	.12	.17	.05	41.67
68-UB	.12	.17	.05	41.67
68-UC	.12	.17	.05	41.67
68-UD	.12	.17	.05	41.67
68-UE	.12	.17	.05	41.67
68-UF	.12	.17	.05	41.67
68-UG	.12	.17	.05	41.67
68-UH	.12	.17	.05	41.67
68-UI	.12	.17	.05	41.67
68-UJ	.12	.17	.05	41.67
68-UK	.12	.17	.05	41.67
68-UL	.12	.17	.05	41.67
68-UM	.12	.17	.05	41.67
68-UN	.12	.17	.05	41.67
68-UO	.12	.17	.05	41.67
68-UP	.12	.17	.05	41.67
68-UQ	.12	.17	.05	41.67
68-UR	.12	.17	.05	41.67
68-US	.12	.17	.05	41.67
68-UT	.12	.17	.05	41.67
68-UU	.12	.17	.05	41.67
68-UV	.12	.17	.05	41.67
68-UW	.12	.17	.05	41.67
68-UX	.12	.17	.05	41.67
68-UY	.12	.17	.05	41.67
68-UZ	.12	.17	.05	41.67
68-VA	.12	.17	.05	41.67
68-VB	.12	.17	.05	41.67
68-VC	.12	.17	.05	41.67
68-VD	.12	.17	.05	41.67
68-VE	.12	.17	.05	41.67
68-VF	.12	.17	.05	41.67
68-VG	.12	.17	.05	41.67
68-VH	.12	.17	.05	41.67
68-VI	.12	.17	.05	41.67

PRICES FOR TELEPHONE APPARATUS TO ASSOCIATED COMPANIES UNDER STANDARD SUPPLY CONTRACT COMPARED WITH PRICES TO GENERAL TRADE (CONTINUED).

JANUARY 1, 1928.

Item (a)	Price to Associated Companies (b)	Price to General Trade (c)	Prices to General Trade Higher by Amount (d)	Prices to General Trade Higher by Per cent (e)	Item (f)	Price to Associated Companies (g)	Price to General Trade (h)	Prices to General Trade Higher by Amount (i)	Prices to General Trade Higher by Per cent (j)	Item (k)	Price to Associated Companies (l)	Price to General Trade (m)	Prices to General Trade Higher by Amount (n)	Prices to General Trade Higher by Per cent (o)
Relays (Continued) -														

PRICES FOR TELEPHONE APPARATUS TO ASSOCIATED COMPANIES UNDER STANDARD SUPPLY CONTRACT COMPARED WITH PRICES TO GENERAL TRADE (CONTINUED).

JANUARY 1, 1928.

Item (a)	Price to Associated Companies (b)	Price to General Trade (c)	Prices to General Trade Higher by Amount (d)	Prices to General Trade Higher by Per cent (e)	Item (f)	Price to Associated Companies (g)	Price to General Trade (h)	Prices to General Trade Higher by Amount (i)	Prices to General Trade Higher by Per cent (j)	Item (k)	Price to Associated Companies (l)	Price to General Trade (m)	Prices to General Trade Higher by Amount (n)	Prices to General Trade Higher by Per cent (o)
Relays (Continued) -														
D-166	$ 1.85	$ 2.48	$ .63	33.73	D-244	$ 1.73	$ 2.30	$ .57	32.93	37-B	$ 18.25	$ 27.38	$ 9.13	50.04
167	2.10	2.78	.68	32.57	247	2.08	2.75	.67	32.50	46-A	9.63	13.88	4.25	44.13
168	1.85	2.48	.63	33.91	248	1.86	2.48	.62	33.47	47-A	4.63	6.38	1.75	34.85
169	1.85	2.48	.63	33.73	249	1.90	2.48	.58	30.84	54-A	14.25	42.75	9.38	18.17
170	1.85	2.48	.63	33.37	250	2.13	2.80	.68	30.53	B	33.38	43.88	9.38	19.38
171	1.73	2.30	.57	32.93	251	2.08	2.75	.67	32.50	Resistances -				
172	1.88	2.48	.60	30.84	252	2.08	2.68	.60	28.87	1-A	.47	.63	.16	34.39
173	2.18	2.88	.68	31.48	253	2.05	2.68	.63	30.81	B	.47	.63	.16	34.39
174	1.78	2.38	.60	33.71	254	2.05	2.65	.60	29.13	C	.47	.63	.16	34.39
175	2.13	2.78	.65	30.47	255	2.10	2.70	.60	28.57	D	.47	.63	.16	34.39
176	2.20	2.88	.68	30.89	256	2.08	2.70	.62	29.17	1-E	.47	.63	.16	34.39
177	2.08	2.73	.65	31.25	257	1.98	2.68	.70	35.35	F	.47	.63	.16	34.39
178	1.78	2.35	.60	33.71	258	1.85	2.50	.65	35.09	G	.47	.63	.16	34.39
179	1.73	2.30	.57	32.93	259	2.08	2.75	.67	32.50	H	.47	.63	.16	34.39
180	2.13	2.80	.67	31.46	260	2.05	2.68	.63	30.81	J	.47	.63	.16	34.39
181	1.88	2.48	.60	31.84	261	2.10	2.70	.60	28.57	K	.47	.63	.16	34.39
182	2.08	2.68	.60	28.84	262	1.88	2.48	.60	31.91	L	.47	.63	.16	34.39
183	2.08	2.68	.60	28.84	263	2.10	2.70	.60	28.57	M	.47	.63	.16	34.39
184	2.08	2.68	.60	28.84	264	2.03	2.63	.60	29.55	P	.47	.63	.16	34.39
185	2.10	2.70	.60	28.57	265	2.03	2.60	.57	28.07	R	.47	.63	.16	34.39
186	2.10	2.70	.60	28.57	266	1.98	2.58	.60	30.30	S	.47	.63	.16	34.39
187	2.08	2.68	.60	28.84	267	1.98	2.58	.60	30.30	T	.47	.63	.16	34.39
188	2.08	2.68	.60	28.84	268	1.73	2.30	.57	32.93	15-A	.47	.63	.16	34.39
189	2.08	2.68	.60	28.84	269	1.73	2.30	.57	32.93	B	.47	.63	.16	34.39
190	2.08	2.68	.60	28.84	270	1.98	2.58	.60	30.30	C	.47	.63	.16	34.39
191	2.08	2.68	.60	28.84	271	2.03	2.63	.60	29.55	D	.47	.63	.16	34.39
192	2.08	2.68	.60	28.84	272	2.03	2.63	.60	29.55	E	.47	.63	.16	34.39
193	2.08	2.68	.60	28.84	273	2.03	2.60	.57	28.07	F	.47	.63	.16	34.39
194	2.08	2.68	.60	28.84	274	2.03	2.60	.57	28.07	G	.47	.63	.16	34.39
195	2.08	2.68	.60	28.84	275	2.03	2.60	.57	28.07	H	.47	.63	.16	34.39
196	2.08	2.68	.60	28.84	276	2.03	2.60	.57	28.07	J	.47	.63	.16	34.39
197	2.08	2.68	.60	28.84	277	2.03	2.60	.57	28.07	K	.47	.63	.16	34.39
198	2.08	2.68	.60	28.84	278	2.03	2.60	.57	28.07	L	.47	.63	.16	34.39
199	2.08	2.68	.60	28.84	279	2.03	2.60	.57	28.07	M	.47	.63	.16	34.39
200	2.08	2.68	.60	28.84	280	2.03	2.60	.57	28.07	P	.47	.63	.16	34.39
201	2.08	2.68	.60	28.84	281	2.03	2.60	.57	28.07	R	.47	.63	.16	34.39
202	2.08	2.68	.60	28.84	282	2.03	2.60	.57	28.07	S	.47	.63	.16	34.39
203	2.08	2.68	.60	28.84	283	2.03	2.60	.57	28.07	T	.47	.63	.16	34.39
204	2.08	2.68	.60	28.84	284	2.03	2.60	.57	28.07	16-A	.47	.63	.16	34.39
205	2.08	2.68	.60	28.84	285	2.03	2.60	.57	28.07	B	.47	.63	.16	34.39
206	2.08	2.68	.60	28.84	286	2.03	2.60	.57	28.07	C	.47	.63	.16	34.39
207	2.08	2.68	.60	28.84	287	2.03	2.60	.57	28.07	D	.47	.63	.16	34.39
208	2.08	2.68	.60	28.84	288	2.03	2.60	.57	28.07	E	.47	.63	.16	34.39
209	2.08	2.68	.60	28.84	289	2.03	2.60	.57	28.07	F	.47	.63	.16	34.39
210	2.08	2.68	.60	28.84	290	2.03	2.60	.57	28.07	G	.47	.63	.16	34.39
211	2.08	2.68	.60	28.84	291	2.03	2.60	.57	28.07	H	.47	.63	.16	34.39
212	2.08	2.68	.60	28.84	292	2.03	2.60	.57	28.07	J	.47	.63	.16	34.39
213	2.08	2.68	.60	28.84	293	2.03	2.60	.57	28.07	K	.47	.63	.16	34.39
214	2.08	2.68	.60	28.84	294	2.03	2.60	.57	28.07	L	.47	.63	.16	34.39
215	2.08	2.68	.60	28.84	295	2.03	2.60	.57	28.07	M	.47	.63	.16	34.39
216	2.08	2.68	.60	28.84	296	2.03	2.60	.57	28.07	P	.47	.63	.16	34.39
217	2.08	2.68	.60	28.84	297	2.03	2.60	.57	28.07	R	.47	.63	.16	34.39
218	2.08	2.68	.60	28.84	298	2.03	2.60	.57	28.07	S	.47	.63	.16	34.39
219	2.08	2.68	.60	28.84	299	2.03	2.60	.57	28.07	T	.47	.63	.16	34.39
220	2.08	2.68	.60	28.84	300	2.03	2.60	.57	28.07	17-A	.47	.63	.16	34.39
221	2.08	2.68	.60	28.84	301	2.03	2.60	.57	28.07	B	.47	.63	.16	34.39
222	2.08	2.68	.60	28.84	302	2.03	2.60	.57	28.07	C	.47	.63	.16	34.39
223	2.08	2.68	.60	28.84	303	2.03	2.60	.57	28.07	D	.47	.63	.16	34.39
224	2.08	2.68	.60	28.84	304	2.03	2.60	.57	28.07	E	.47	.63	.16	34.39
225	2.08	2.68	.60	28.84	305	2.03	2.60	.57	28.07	F	.47	.63	.16	34.39
226	2.08	2.68	.60	28.84	306	2.03	2.60	.57	28.07	G	.47	.63	.16	34.39
227	2.08	2.68	.60	28.84	307	2.03	2.60	.57	28.07	H	.47	.63	.16	34.39
228	2.08	2.68	.60	28.84	308	2.03	2.60	.57	28.07	J	.47	.63	.16	34.39
229	2.08	2.68	.60	28.84	309	2.03	2.60	.57	28.07	K	.47	.63	.16	34.39
230	2.08	2.68	.60	28.84	310	2.03	2.60	.57	28.07	L	.47	.63	.16	34.39
231	2.08	2.68	.60	28.84	311	2.03	2.60	.57	28.07	M	.47	.63	.16	34.39
232	2.08	2.68	.60	28.84	312	2.03	2.60	.57	28.07	P	.47	.63	.16	34.39
233	2.08	2.68	.60	28.84	313	2.03	2.60	.57	28.07	R	.47	.63	.16	34.39
234	2.08	2.68	.60	28.84	314	2.03	2.60	.57	28.07	S	.47	.63	.16	34.39
235	2.08	2.68	.60	28.84	315	2.03	2.60	.57	28.07	T	.47	.63	.16	34.39

No. 361 - Sheet 2.

EXHIBIT 4

834

PRICES AND TELEPHONE ACTIVITY TO ASSOCIATED COMPANIES UNDER STANDARD SUPPLY CONTRACT COMPARED WITH PRICES TO GENERAL TRADE (CONTINUED).

JANUARY 1, 1923.

Item (a)	Price to Associated Companies (b)	Price to General Trade (c)	Prices to General Trade Higher by: Amount (d)	Prices to General Trade Higher by: Per cent (e)	Item (f)	Price to Associated Companies (g)	Price to General Trade (h)	Prices to General Trade Higher by: Amount (i)	Prices to General Trade Higher by: Per cent (j)	Item (k)	Price to Associated Companies (l)	Price to General Trade (m)	Prices to General Trade Higher by: Amount (n)	Prices to General Trade Higher by: Per cent (o)
Resistances (Continued) -														
	$ .47	$ .68	$ .18	38.30		$ 1.36	$ 1.78	$ .42	30.77		$ .0015	$ .01	$ .0075	33.33
	.47	.68	.18	38.30		1.40	2.10	.70	31.31		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.40	1.38	.98	29.08		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		.95	1.38	.23	29.41		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		.95	1.35	.38	31.58		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		.95	1.38	.43	31.58		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.40	1.40	.38	30.08		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		.95	1.43	.38	31.58		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.40	1.38	.38	30.08		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.40	1.38	.38	30.08		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.40	1.40	.38	30.08		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.40	1.43	.38	31.08		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.35	1.73	.38	30.08		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.15	1.50	.38	30.43		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.15	1.40	.38	31.88		.0015	.01	.0075	33.33
	.47	.68	.18	38.30		1.15	1.40	.38	31.88	Sub-Sets -				
	.47	.68	.18	38.30		.95	1.38	.38	31.88	61-62	3.10	4.45	1.35	43.55
	.47	.68	.18	38.30		.95	1.33	.38	31.58	137-1	1.40	1.78	.38	21.88
	.47	.68	.18	38.30		1.40	1.78	.38	31.88	343-1	13.70	16.10	2.40	26.17	
	.47	.68	.18	38.30	65-1	8.65	9.15	1.50	30.08	2	11.80	13.80	1.70	34.89	
	.47	.68	.18	38.30	66-1	8.65	9.40	.38	30.81	335-1	1.80	2.20	1.15	36.75	
	.47	.68	.18	38.30	2	2.15	2.88	.38	33.83	3	1.80	2.20	1.15	36.75	
	.47	.68	.18	38.30	3	2.88	2.88	.38	34.84	C	1.80	2.20	1.15	36.75	
	.47	.68	.18	38.30	4	2.15	2.85	.38	60.46	D	1.80	2.20	1.15	36.75	
	.47	.68	.18	38.30	15-1	21.00	28.81	4.25	33.10	Splice Hooks -				
	.47	.68	.18	38.30	68-1	7.30	9.75	2.25	30.00	113-6	1.30	1.80	.40	33.33	
	.47	.68	.18	38.30	5	8.60	8.60	2.30	30.14	140-7	.75	1.00	.25	33.33	
	.47	.68	.18	38.30	Retardation Coil Boxes -					8	1.05	1.40	.35	33.33	
	.47	.68	.18	38.30	1-1	7.30	9.65	2.30	30.14	D	1.05	1.40	.35	33.33	
	.47	.68	.18	38.30	Ringers -					143-6	1.20	1.60	.40	40.00	
	.47	.68	.18	38.30	6-1	1.40	2.00	.60	33.00	8	.80	1.10	.30	37.50	
	.47	.68	.18	38.30	7-1	1.40	2.00	.60	33.00	8	1.05	1.40	.35	33.33	
	.47	.68	.18	38.30	8-1	1.40	2.00	.60	33.00	J	1.05	1.40	.35	33.33	
	.47	.68	.18	38.30	10-1	1.75	2.35	.60	33.84	T	.75	1.00	.25	33.33	
	.47	.68	.18	38.30	11-1	1.40	2.00	.60	33.84	Terminal Fastenings -				
	.47	.68	.18	38.30	12-1	1.40	2.00	.60	33.84	3	.0054	.0072	.0021	38.89	
	.47	.68	.18	38.30	13-1	1.40	1.90	.50	31.31	6	.0109	.0145	.0037	34.04	
	.47	.68	.18	38.30	14-1	1.40	2.00	.60	33.84	7	.007	.010	.003	33.33	
	.47	.68	.18	38.30	15-1	1.75	2.35	.60	33.84	8	.007	.0345	.0075	37.78	
	.47	.68	.18	38.30	16-1	1.40	2.00	.60	33.84	9	.0054	.0045	.0019	54.78	
	.47	.68	.18	38.30	17-1	1.40	2.00	.60	33.84	10	.0144	.019	.0046	34.94	
	.47	.68	.18	38.30	18-1	1.40	2.00	.60	33.84	11	.0073	.0100	.0027	36.63	
	.47	.68	.18	38.30	19-1	1.40	2.00	.60	33.84	12-1	.0146	.02	.0054	36.81	
	.47	.68	.18	38.30	21-1	1.40	2.00	.60	33.84	13-1	.0109	.017	.0061	55.79	
	.47	.68	.18	38.30	22-1	1.40	2.00	.60	33.84	9	.0128	.017	.0036	28.79	
	.47	.68	.18	38.30	23-1	1.40	2.00	.60	33.84	14	.01	.013	.003	30.00	
	.47	.68	.18	38.30	25-1	1.40	2.00	.60	33.84	15-1	.015	.02	.005	33.33	
	.47	.68	.18	38.30	Signals -					16-1	.0054	.0072	.0021	38.89	
	.47	.68	.18	38.30	4-1	2.00	2.40	.40	30.00	17-1	.006	.008	.002	33.33	
	.47	.68	.18	38.30	E	1.35	1.15	.40	30.71	18-1	.009	.012	.003	33.33	
	.47	.68	.18	38.30	7	1.40	1.90	.40	30.71	21-1	.0062	.006	.0018	42.86	
	.47	.68	.18	38.30	26-1	2.00	2.40	.40	30.00	Terminal Strips -				
	.47	.68	.18	38.30	8	2.00	2.25	.25	30.00	30	1.20	1.30	.10	37.70	
	.47	.68	.18	38.30	9	2.00	2.85	.45	29.20	31	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	31-1	2.00	2.60	.60	30.00	32	1.10	1.10	.70	29.17	
	.47	.68	.18	38.30	2	2.10	2.75	.65	30.71	33	1.10	1.10	.10	31.88	
	.47	.68	.18	38.30	3	2.00	2.60	.60	30.00	34	1.10	1.10	.10	37.70	
	.47	.68	.18	38.30	41-1	2.00	1.60	.10	31.90	35	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	42-1	1.10	1.60	.10	31.82	36	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	Signal Housings -					37	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	2	.95	1.30	.35	36.84	38	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	3	1.40	1.90	.50	35.71	39	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	14	3.40	4.60	1.20	35.29	40	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	16	2.70	3.60	.90	33.33	41	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	17	3.40	4.60	1.20	35.29	42	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	18	2.70	3.60	.90	33.33	43	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	19	2.70	3.60	.90	33.33	44	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	21	2.70	3.60	.90	33.33	45	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	22	2.70	3.60	.90	33.33	46	1.15	1.20	.45	30.33	
	.47	.68	.18	38.30	23	2.70	3.60	.90	33.33	Test Sets -				
	.47	.68	.18	38.30	24	2.70	3.60	.90	33.33	1-1	10.80	13.15	2.35	34.86	
	.47	.68	.18	38.30	25	2.70	3.60	.90	33.33	11-1	10.45	12.15	1.70	23.41	
	.47	.68	.18	38.30	26	2.70	3.60	.90	33.33	Tools -				
	.47	.68	.18	38.30	27	2.70	3.60	.90	33.33	28	.47	.68	.18	38.30	
	.47	.68	.18	38.30	28	2.70	3.60	.90	33.33	29	.47	.68	.18	38.30	
	.47	.68	.18	38.30	29	2.70	3.60	.90	33.33	30	.47	.68	.18	38.30	
	.47	.68	.18	38.30	30	2.70	3.60	.90	33.33	31	.47	.68	.18	38.30	
	.47	.68	.18	38.30	31	2.70	3.60	.90	33.33	32	.47	.68	.18	38.30	
	.47	.68	.18	38.30	32	2.70	3.60	.90	33.33	33	.47	.68	.18	38.30	
	.47	.68	.18	38.30	33	2.70	3.60	.90	33.33	34	.47	.68	.18	38.30	
	.47	.68	.18	38.30	34	2.70	3.60	.90	33.33	35	.47	.68	.18	38.30	
	.47	.68	.18	38.30	35	2.70	3.60	.90	33.33	36	.47	.68	.18	38.30	
	.47	.68	.18	38.30	36	2.70	3.60	.90	33.33	37	.47	.68	.18	38.30	
	.47	.68	.18	38.30	37	2.70	3.60	.90	33.33	38	.47	.68	.18	38.30	
	.47	.68	.18	38.30	38	2.70	3.60	.90	33.33	39	.47	.68	.18	38.30	
	.47	.68	.18	38.30	39	2.70	3.60	.90	33.33	40	.47	.68	.18	38.30	
	.47	.68	.18	38.30	40	2.70	3.60	.90	33.33	41	.47	.68	.18	38.30	
	.47	.68	.18	38.30	41	2.70	3.60	.90	33.33	42	.47	.68	.18	38.30	
	.47	.68	.18	38.30	42	2.70	3.60	.90	33.33	43	.47	.68	.18	38.30	
	.47	.68	.18	38.30	43	2.70	3.60	.90	33.33	44	.47	.68	.18	38.30	
	.47	.68	.18	38.30	44	2.70	3.60	.90	33.33	45	.47	.68	.18	38.30	
	.47	.68	.18	38.30	45	2.70	3.60	.90	33.33	46	.47	.68	.18	38.30	
	.47	.68	.18	38.30	46	2.70	3.60	.90	33.33	47	.47	.68	.18	38.30	
	.47	.68	.18	38.30	47	2.70	3.60	.90	33.33	48	.47	.68	.18	38.30	
	.47	.68	.18	38.30	48	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	49	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	50	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	51	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	52	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	53	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	54	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	55	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	56	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	57	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	58	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	59	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	60	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	61	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	62	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	63	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	64	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	65	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	66	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	67	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	68	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	69	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	70	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	71	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	72	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	73	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	74	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	75	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	76	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	77	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	78	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	79	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	80	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	81	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	82	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	83	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	84	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	85	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	86	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	87	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	88	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	89	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	90	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	91	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	92	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	93	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	94	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	95	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	96	2.70	3.60	.90	33.33					
	.47	.68	.18	38.30	Signal Plugs -									
	.47	.68	.18	38.30	1-2	.0021	.01	.0079	33.33					
	.47	.68	.18	38.30	2-2	.0021	.01	.0079	33.33					

No. 245 - Sheet 3.

PRICES FOR TELEPHONE APPARATUS TO ASSOCIATED COMPANIES UNDER STANDARD SUPPLY CONTRACT COMPARED WITH PRICES TO GENERAL TRADE (CONTINUED).

JANUARY 1, 1922.

Item (a)	Price to Associated Companies (b)	Price to General Trade (c)	Prices to General Trade Higher by Amount (d)	Prices to General Trade Higher by Per cent (e)	Item (f)	Price to Associated Companies (g)	Price to General Trade (h)	Prices to General Trade Higher by Amount (i)	Prices to General Trade Higher by Per cent (j)	Item (k)	Price to Associated Companies (l)	Price to General Trade (m)	Prices to General Trade Higher by Amount (n)	Prices to General Trade Higher by Per cent (o)
Tools (Continued) -														
40	$ .45	$ .75	$ .30	66.67	108	$ 2.65	$ 3.80	$ .85	35.85	10-B	$ 4.85	$ 5.90	$ 1.05	29.67
42	1.85	1.40	.55	39.29	109	.55	.75	.20	36.36	C	6.90	8.90	2.00	28.99
50	.44	.62	.19	41.30	136	.25	.38	.14	56.00	11-A	8.88	10.88	2.00	22.73
52	.75	1.25	.50	66.11	200	.37	.55	.18	48.65	B	8.68	10.25	2.65	29.17
57	2.25	3.00	.75	33.33	110	.46	.65	.19	41.30	Transmitter Attachments -				
62	.30	.51	.15	75.00	112	.37	.55	.18	48.65	A-A	.055	.08	.025	45.45
64	2.25	3.00	.75	33.33	113	.70	1.00	.30	42.86	B-A	.11	.15	.04	36.00
72	1.00	1.35	.35	35.00	116	.37	.55	.18	48.65	B	.11	.15	.04	36.00
78	.22	.75	.53	34.34	117	.45	.65	.20	44.15	C	.11	.15	.04	36.00
82	1.25	1.65	.40	32.00	118	.44	.65	.19	41.30	Transmitter Brackets -				
86	.33	.75	.38	34.34	125	.75	1.08	.30	40.00	7-A	.16	.22	.10	37.50
88	.37	.53	.16	48.65	127	.45	.65	.20	44.15	Trouble Cops -				
89	.44	.60	.16	36.36	129	.32	.45	.13	34.35	1-A	.033	.04	.015	45.00
91	.45	.75	.30	66.15	Transmitter Arms -					B	.033	.04	.015	45.00
92	.66	.93	.30	45.15	4-A	6.60	8.60	1.90	29.23	2-A	.033	.04	.015	45.00
93	.24	.40	.16	33.33	6	6.50	8.60	1.90	29.23	B	.033	.04	.015	45.00
94	.45	.75	.30	66.15	10-A	6.50	8.50	1.35	29.67					
										Total Number of Items Included				1,000
										Average of Per cent Increases				34.57

Sr. 340 - Sheet 19.

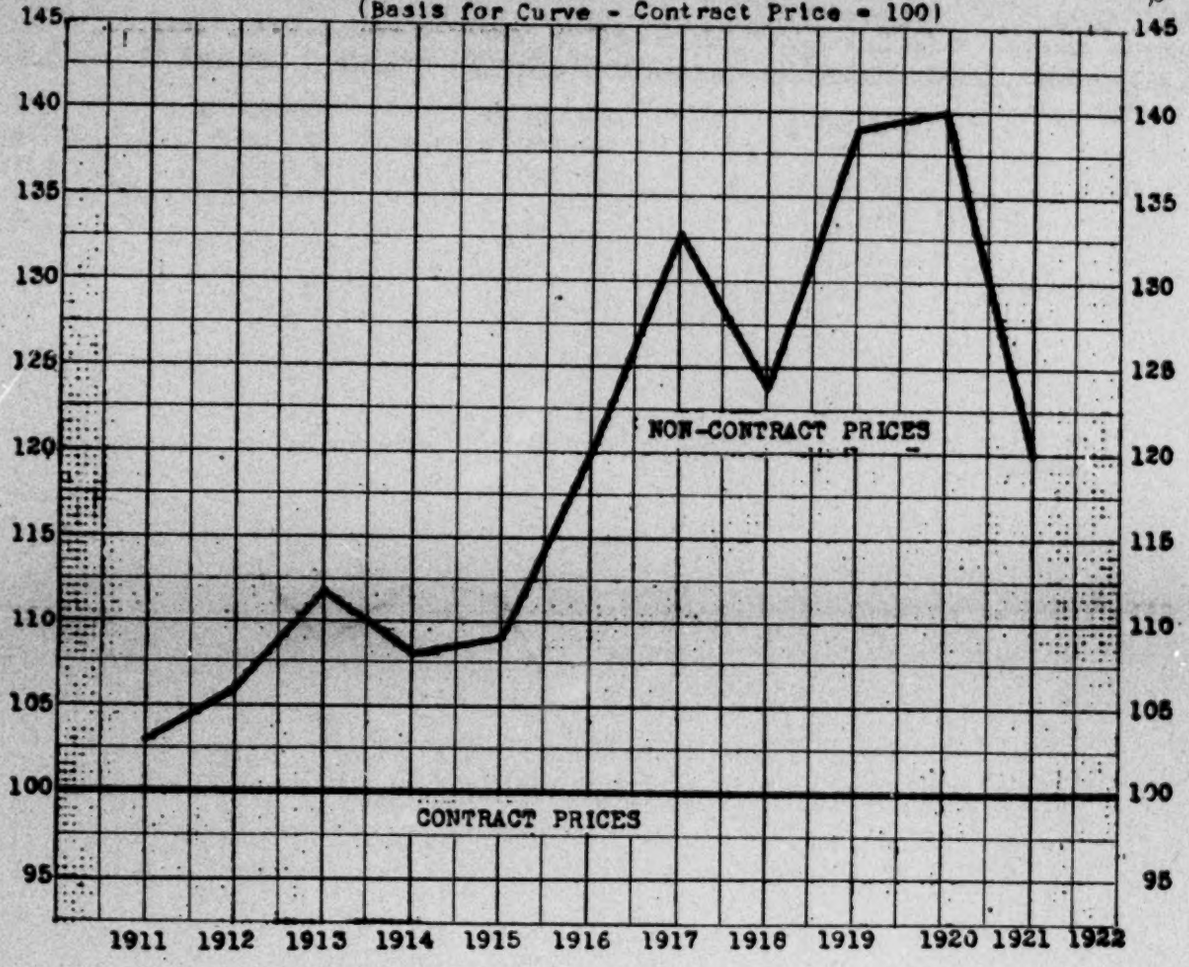
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EXHIBIT 4

WESTERN ELECTRIC COMPANY, INCORPORATED
TELEPHONE APPARATUS PRICES TO DOMESTIC CUSTOMERS

EXHIBIT 5
(110)

Ratio of Prices to Customers not under Contract
to Prices to Customers Under Standard Supply Contract
(Basis for Curve - Contract Price = 100)



TELEPHONE APPARATUS SALES AND RATIOS

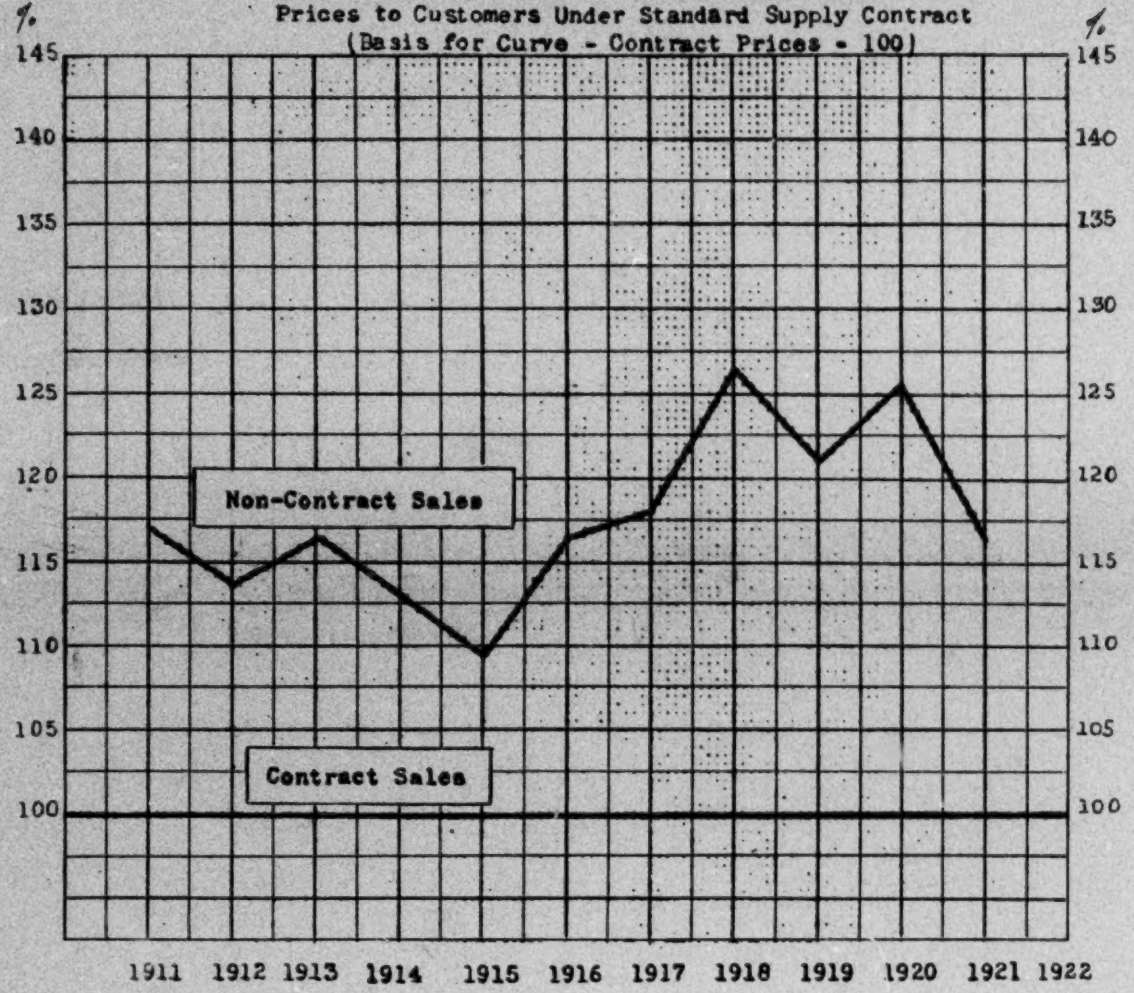
ear	b Total T.A. Sales to Contract Custs.	c Total T.A. Sales to Non-Contract Custs.	d Total Non-Contract Sales on Contract Basis	e Ratio Non-Contract Price to Price Under Standard Sup. Contract
11	$19,349,000	$2,459,000	$2,380,000	103%
12	19,723,000	2,775,000	2,620,000	106
13	20,881,000	2,973,000	2,650,000	112
14	20,895,000	2,301,000	2,130,000	108
15	16,224,000	2,227,000	2,040,000	109
16	23,205,000	3,019,000	2,510,000	120
17	35,765,000	2,742,000	2,060,000	133
18	35,580,000	3,355,000	2,700,000	124
19	34,972,000	2,976,000	2,140,000	139
20	54,059,000	3,714,000	2,650,000	140
21(9 Mos.)	61,139,000	3,054,000	2,540,000	120

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EXHIBIT 6

WESTERN ELECTRIC COMPANY, INCORPORATED
LEAD COVERED CABLE PRICES TO DOMESTIC CUSTOMERS

Ratio of Prices to Customers not under Contract to Prices to Customers Under Standard Supply Contract
(Basis for Curve - Contract Prices - 100)



LEAD COVERED CABLE SALES AND RATIOS

a	b	c	d	e
Year	Total LCC Sales to Contract Custs.	Total LCC Sales to Non-Contract Custs.	Total Non-Contract Sales on Contract Basis.	Ratio Non-Contrac Price to Price Unde Std. Supply Contrac (C ÷ D)
1911	$7,930,000	$ 537,000	$ 458,000	117.
1912	8,641,000	667,000	587,100	113.6
1913	10,298,000	713,000	612,500	116.4
1914	7,155,000	816,000	722,100	113.
1915	7,131,000	716,000	653,900	109.5
1916	15,587,000	891,000	765,400	116.4
1917	24,070,000	1,315,000	1,114,000	118.
1918	9,868,000	2,033,000	1,609,000	126.4
1919	7,735,000	996,000	823,100	121.
1920	16,138,000	934,000	743,600	125.6
1921(9 Mos.)	8,337,000	786,000	675,800	116.3

EXHIBIT 7

STUDY OF COST OF TELEPHONE SUPPLIES PURCHASED BY CITIZENS TELEPHONE COMPANY, LACONIA, NEW HAMPSHIRE 1906 TO 1913 INCLUSIVE

This study compares the actual costs of telephone apparatus and lead covered cable purchased by an independent telephone company with the cost of the competing Western Electric items if purchased by an Associated Company from the Western Electric Company, Incorporated, under the Standard Supply Contract at corresponding dates.

The actual cost was, on the average, found to be higher than the prices to the Associated Companies under the Standard Supply Contract by the following percentages:

Telephone Apparatus	18%
Lead Covered Cable	24%

The Citizens Company was an active competitor of the Bell System as indicated in the history of the company, Sheet 2 attached.

The files of paid invoices for the years preceding control by Bell System were examined and the essential purchasing data drawn off for all items of telephone apparatus and lead covered cable.

The items of Western Electric manufacture competing with those actually purchased were designated by the Engineering Department of the American Telephone and Telegraph Company without knowledge of the prices actually paid and under the general plan that unless the Western Electric article was as good or better than the actual purchase and was standard to the Associated Companies, no price comparisons should be made. Purchases totalling $3,059 were set aside for this reason or because of insufficient description in the invoice.

In order to simplify the study, the prices for the competing Western Electric items were taken at the highest for the respective years.

E. V. Cox,

Supply Contract Auditor.

March 3, 1922.

No. 246, Sheet 1.

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EXHIBIT 7

HISTORY OF CITIZENS TELEPHONE COMPANY, LACONIA, N. H.

1. GENERAL TERRITORY

Laconia, N. H. and nearby rural communities.

2. WHEN ORGANIZED

1896.

3. BRIEF HISTORY

The company was organized in 1896 by local people. In 1911, the New England Tel. and Tel. Co. made an offer of purchase, which was refused. In July, 1919 this company and the Winnepesaukee Tel. Co. of Laconia, the Bell-controlled company which had been its competitor, merged to form the Central New Hampshire Tel. Co.

4. OUTSTANDING SECURITIES

Common Stock $100,000 (before the merger)

5. NUMBER OF STATIONS

Citizens Tel. Co. - 2,000 as of October 1, 1915, half of which were in Laconia.

Winnepesaukee Tel. Co. - 2,389 as of October 1, 1915, half of which were in Laconia.

No. 246, Sheet 2.

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EXHIBIT 7

CITIZENS TELEPHONE COMPANY, LACONIA, NEW HAMPSHIRE

Actual Cost of Telephone Apparatus and Lead Covered Cable

Versus

Western Electric Company, Incorporated, Prices to Associated Companies Under Standard Supply Contract on Same Classes of Material.

(a)	Year (b)	Actual Cost (c)	Cost under Standard Supply Contract (d)	Actual Cost Higher by	
				Amount (e)	Per Cent (f)
Telephone Apparatus	1906	$ 661.17	$ 489.75	$ 171.42	35.00
	1907	600.87	485.94	114.93	23.65
	1908	616.94	471.43	145.51	30.87
	1909	703.35	557.34	146.01	26.20
	1910	2,201.77	1,806.15	395.62	21.90
	1911	958.52	850.53	107.99	12.70
	1912	1,584.35	1,396.89	387.46	22.17
	1913	1,033.04	931.08	181.96	21.38
	1914	1,631.65	1,321.95	309.70	23.43
	1915	1,146.07	1,043.27	102.80	9.85
	1916	1,332.16	1,130.17	201.99	17.87
	1917	1,212.14	1,169.64	42.50	3.63
	1918	1,095.80	1,031.24	64.56	6.26
	1919	381.21	322.62	58.59	18.16
Total		$15,159.04	$12,828.00	$2,331.04	18.17
Lead Covered Cable	1908	$ 19.80	* $ 24.54	* 4.74	* 19.32
	1915	92.32	80.51	11.81	14.67
	1917	420.75	325.71	95.04	29.18
Total		$ 532.87	$ 430.76	$ 102.11	23.70
Grand Total .		$15,691.91	$13,258.76	$2,433.15	18.35

NOTE: * Indicates that Western Electric Company, Incorporated, price was higher than actual cost.

No. 246, Sheet 3.

EXHIBIT 7

CITIZENS TELEPHONE COMPANY, LACONIA, N. H.

List of Material Included in Study.

Batteries	32,225
Bells	31
Coils	239
Cords	2,026
Desk Sets	68
Desk Stands	327
Combination Drops and Jacks	5
Fuses	31,500
Jacks	14
Keys	31
Plugs	221
Pole Changers	3
Protectors	1,150
Receivers	240
Strips	6
Subscribers' Sets	233
Switchboards	2
Telephones	24
Transmitters	97
Lead Covered Cable	2,260'

No. 246, Sheet 4.

EXHIBIT 8

STUDY OF COST OF TELEPHONE SUPPLIES PURCHASED BY
ATLANTA TELEPHONE AND TELEGRAPH COMPANY, ATLANTA, GA.
1905 TO 1918 INCLUSIVE

This study compares the actual costs of telephone apparatus and lead covered cable purchased by an independent telephone company with the cost of the competing Western Electric items if purchased by an Associated Company from the Western Electric Company, Incorporated, under the Standard Supply Contract at corresponding dates.

The actual cost was, on the average, found to be higher than the prices to the Associated Companies under the Standard Supply Contract by the following percentages:

Telephone Apparatus 15%
Lead Covered Cable 17%

The Atlanta Company was an active competitor of the Bell System as indicated in the history of the company, Sheet 2 attached.

The files of paid invoices for the years preceding control by Bell System were examined and the essential purchasing data drawn off for all items of telephone apparatus and lead covered cable.

The items of Western Electric manufacture competing with those actually purchased were designated by the Engineering Department of the American Telephone and Telegraph Company without knowledge of the prices actually paid and under the general plan that unless the Western Electric article was as good or better than the actual purchase and was standard to the Associated Companies, no price comparisons should be made. Purchases totalling $45,497 were set aside for this reason or because of insufficient description in the invoice.

In order to simplify the study, the prices for the competing Western Electric items were taken at the highest for the respective years.

E. V. Cox,

Supply Contract Auditor.

March 3, 1922.

No. 248, Sheet 1.

HISTORY OF ATLANTA TELEPHONE AND TELEGRAPH COMPANY, ATLANTA, GA.

1. GENERAL TERRITORY

City of Atlanta, Ga.

2. WHEN ORGANIZED

March 27, 1903.

3. BRIEF HISTORY

The Atlanta Standard Telephone Company was organized in 1899 and was operated until June, 1902 when it was placed in the hands of receivers. In 1903 the receivers sold it to the trustee for the bondholders for $200,000. The trustee in turn conveyed the property to the Atlanta Telephone and Telegraph Company for $750,000. The Atlanta Telephone and Telegraph Company was continually in the courts due to its failure to meet its obligations. The Stromberg-Carlson Company, independent manufacturers of telephone apparatus, owned a large block of the securities of the Atlanta Telephone and Telegraph Company. In May, 1919 the property was sold to the Southern Bell Telephone and Telegraph Company.

4. OUTSTANDING SECURITIES AT DATE CONTROL WAS SECURED

December 31, 1918 -	Common Stock	$ 389,300
	Bonds	1,181,000
		$1,570,300

5. NUMBER OF STATIONS AT DATE CONTROL WAS SECURED

January 1, 1919 - All in Atlanta - 4,322

6. GENERAL REMARKS

Prior to the date on which the Atlanta Telephone and Telegraph Company was sold to the Bell, it had had no traffic relations with the Bell and had been actively, although unsuccessfully, competing with the Bell.

ALTANTA TELEPHONE AND TELEGRAPH COMPANY, ATLANTA, GEORGIA

Actual Cost of Telephone Apparatus and Lead Covered Cable

Versus

Western Electric Company, Incorporated, Prices to Associated Companies Under Standard Supply Contract on Same Classes of Material.

(a)	Year (b)	Actual Cost (c)	Cost under Standard Supply Contract (d)	Actual Cost Higher by	
				Amount (e)	Per Cent (f)
Telephone Apparatus	1905	$ 70.00	$ 60.00	$ 10.00	16.67
	1906	608.75	* 647.28	* 38.53	* 5.95
	1907	353.72	307.81	45.91	14.92
	1908	256.23	245.27	10.96	4.47
	1909	1,643.84	1,298.80	345.04	26.57
	1910	3,376.49	2,600.90	775.59	29.82
	1911	2,812.48	2,499.32	313.16	12.53
	1912	3,605.16	3,299.28	305.88	9.27
	1913	2,648.99	2,521.94	127.05	5.04
	1914	1,219.05	1,017.57	201.48	19.80
	1915	1,376.04	1,215.62	160.42	13.20
	1916	1,401.93	1,107.99	293.94	26.53
	1917	1,183.79	1,178.66	5.13	0.44
	1918	1,318.49	1,089.78	228.71	20.99
Total		$21,874.96	$19,090.22	$2,784.74	14.59
Lead Covered Cable	1909	$ 3,115.00	$ 2,615.00	$ 500.00	19.10
	1910	7,760.91	7,025.37	735.54	10.40
	1911	3,713.49	3,310.66	402.83	12.10
	1912	387.48	378.15	9.33	2.40
	1913	7,966.61	6,459.66	1,506.95	23.30
	1914	22,712.40	19,162.32	3,550.08	18.50
	1915	295.00	260.00	35.00	13.40
Total		$45,950.89	$39,211.16	$6,739.73	17.10
Grand Total .		$67,825.85	$58,301.38	$9,524.47	16.34

NOTE: * Indicates that Western Electric Company, Inc., price was higher than actual cost.

ATLANTA TELEPHONE AND TELEGRAPH COMPANY, ATLANTA, GEORGIA

List of Material Included in Study.

Arresters	150
Batteries	10,502
Battery Boxes	84
Bells and Gongs	382
Coils	9,010
Condensers	1,187
Cords	32,035
Cord Weights	8
Desk Sets	2
Desk Set Boxes	4
Desk Stands	42
Drops	22
Fuses	3,600
Jacks	66
Keys	14
Key Boxes	5
Lamp Caps	97
Operators' Sets	4
Plugs	3,486
Protectors	5,808
Receivers	104
Relays	12
Switchboard Cable	1,402'
Telephones	657
Terminal Strips	23
Transmitters	12
Switchboards	4
Lead Covered Cable	313,369'

No. 248, Sheet 4.

EXHIBIT 9

STUDY OF COST OF TELEPHONE SUPPLIES PURCHASED BY UTICA HOME TELEPHONE COMPANY, UTICA, N. Y. 1905 TO 1912 INCLUSIVE.

This study compares the actual costs of telephone apparatus and lead covered cable purchased by an independent telephone company with the cost of the competing Western Electric items if purchased by an Associated Company from the Western Electric Company, Incorporated, under the Standard Supply Contract at corresponding dates.

The actual cost was, on the average, found to be higher than the prices to the Associated Companies under the Standard Supply Contract by the following percentages:

Telephone Apparatus	19%
Lead Covered Cable	8%

The Utica Home Telephone Company was organized by the Stromberg-Carlson Telephone Manufacturing Company and other interests identified with the independent telephone business. It actively competed with the Bell Companies until it became Bell controlled in the year 1911. An outline of the history of this company is given in Sheet 2 attached.

The files of paid invoices for the years preceding control by Bell System were examined and the essential purchasing data drawn off for all items of telephone apparatus and lead covered cable.

The items of Western Electric manufacture competing with those actually purchased were designated by the Engineering Department of the American Telephone and Telegraph Company without knowledge of the prices actually paid and under the general plan that unless the Western Electric article was as good or better than the actual purchase and was standard to the Associated Companies, no price comparisons should be made. Purchases totalling $19,246 were set aside for this reason or because of insufficient description in the invoice.

In order to simplify the study, the prices for the competing Western Electric items were taken at the highest for the respective years.

E. V. Cox,

Supply Contract Auditor.

March 3, 1922.

No. 247, Sheet 1.

HISTORY OF UTICA HOME TELEPHONE COMPANY, UTICA, N. Y.

1. GENERAL TERRITORY

City of Utica, N. Y. and contiguous territory.

2. WHEN ORGANIZED

December 31, 1901.

3. BRIEF HISTORY

The Utica Home Tel. Co. was organized by Barber and Brailey (Independent promoters) and the Stromberg Carlson Telephone Mfg. Co. Later, it passed into the control of the Independent Telephone Securities Company, a holding company, which was in turn controlled by the United States Independent Tel. Co. Upon the failure of the last named company in 1908 the Independent Tel. Securities Co. was reorganized as the Rochester, Syracuse and Utica Tel. Co., continuing to control the Utica Home Tel. Co.

In 1910 the Utica Home Tel. Co. purchased and merged the Clinton Home Tel. Co., County Tel. Co. of Herkimer and the Rome Home Tel. Co. It also obtained control of the Otsego Home Tel. Co. but the property of this company was sold at foreclosure and the Otsego Home Tel. Co. was later reorganized, becoming a Bell Connecting Company.

In April, 1911, the New York Tel. Co. through the Friendship Tel. Co. gained stock control of the Rochester, Syracuse and Utica Tel. Co. and all its subsidiaries, including the Utica Home Tel. Co.

4. OUTSTANDING SECURITIES AT DATE CONTROL WAS SECURED

December 31, 1909 -	Common Stock	$475,000
	Bonds	464,800
		$939,800

5. NUMBER OF STATIONS AT DATE CONTROL WAS SECURED

October 1, 1911 -	Utica	4,406
	Rome	1,215
	Ilion	688
	Herkimer	648
	6 small exchanges	1,706
	Total	8,663

6. GENERAL REMARKS

Prior to the date on which the Utica Home Tel. Co. became a Bell-controlled company, it had had no traffic relations with the Bell and had been actively competing with the Bell.

No. 247, Sheet 2.

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UTICA HOME TELEPHONE COMPANY, UTICA, N. Y.

Actual Cost of Telephone Apparatus and Lead Covered Cable

Versus

Western Electric Company, Incorporated, Prices to Associated Companies Under Standard Supply Contract on Same Classes of Material.

(a)	Year (b)	Actual Cost (c)	Cost under Standard Supply Contract (d)	Actual Cost Higher by	
				Amount (e)	Per Cent (f)
Telephone Apparatus	1905	$ 1,759.50	$ 1,399.02	$ 360.48	25.77
	1906	8,372.87	6,841.43	1,531.44	22.38
	1907	2,407.11	2,056.98	350.13	17.02
	1908	2,330.28	1,971.40	358.88	18.20
	1909	1,667.41	1,458.89	208.52	14.29
	1910	1,636.64	1,443.03	193.61	13.42
	1911	2,201.48	1,972.29	229.19	11.62
	1912	1,327.03	1,142.22	184.81	16.18
Total		$21,702.32	$18,285.26	$3,417.06	18.69
Lead Covered Cable	1905	$ 3,193.52	* $ 3,819.07	* $ 625.55	* 16.38
	1906	3,668.00	* 4,027.50	* 359.50	* 8.93
	1907	538.00	385.13	152.87	39.69
	1908	2,680.47	1,895.94	784.53	41.37
	1909	7,386.44	6,577.29	809.15	12.30
	1910	4,188.95	3,326.82	862.13	25.91
	1911	204.65	191.85	12.80	6.67
	1912	169.00	157.85	11.15	7.06
Total		$22,029.03	$20,381.45	$1,647.58	8.08
Grand Total .		$43,731.35	$38,666.71	$5,064.64	13.10

NOTE: * Indicates that Western Electric Company, Incorporated, price was higher than actual cost.

No. 247, Sheet 3.

271

UTICA HOME TELEPHONE COMPANY, UTICA, NEW YORK

List of Material Included in Study.

Batteries	17,200
Bells	64
Coils	4,730
Condensers	739
Cords	5,640
Drops	117
Fuses	412
Jacks	50
Keys	16
Plugs	2,296
Protectors	1,200
Receivers	92
Relays	50
Ringers	70
Telephones, etc.*	1,480
Transmitters	427
Lead Covered Cable	98,786'

* Includes Telephones
Desk Telephones
" Stands
" Sets

No. 247, Sheet 4.

272

EXHIBIT 10

STUDY OF COST OF TELEPHONE SUPPLIES PURCHASED BY HOME TELEPHONE AND TELEGRAPH COMPANY, LOS ANGELES, CALIF. 1904 TO 1915 INCLUSIVE

This study compares the actual costs of telephone apparatus and lead covered cable purchased by one of the largest and strongest of the independent telephone companies with the cost of the competing Western Electric items if purchased by an Associated Company from the Western Electric Company, Incorporated, under the Standard Supply Contract at corresponding dates.

The actual cost was, on the average, found to be higher than the prices to the Associated Companies under the Standard Supply Contract by the following percentages:

Telephone Apparatus	25%
Lead Covered Cable	24%

The Home Company was an active competitor of the Bell System as indicated in the history of the company, Sheet 2 attached.

The files of paid invoices for the years preceding control by Bell System were examined and the essential purchasing data drawn off for all items of telephone apparatus and lead covered cable.

The items of Western Electric manufacture competing with those actually purchased were designated by the Engineering Department of the American Telephone and Telegraph Company without knowledge of the prices actually paid and under the general plan that unless the Western Electric article was as good or better than the actual purchase and was standard to the Associated Companies, no price comparisons should be made. Purchases totalling $172,374 were set aside for this reason or because of insufficient description in the invoice.

In order to simplify the study, the prices for the competing Western Electric items were taken at the highest for the respective years.

E. V. Cox,

Supply Contract Auditor.

March 3, 1922.

No. 249, Sheet 1.

HISTORY OF HOME TELEPHONE AND TELEGRAPH COMPANY, LOS ANGELES, CALIF.

1. GENERAL TERRITORY

City of Los Angeles, Calif.

2. WHEN ORGANIZED

Original company was organized in 1897 but did not build any plant. It was reorganized in September, 1902 and started operations at once.

3. BRIEF HISTORY

The Home Tel. and Tel. Co. was organized in 1897 but was unable to obtain financial backing until 1902. In that year J. H. Adams and Co., who had financed the United States L.D. Tel. Co., Bay Cities Home Tel. Co., and Home Tel. Companies of Pasadena and Santa Barbara (then large Independent Companies), arranged to finance the Los Angeles company. The company was at all times a very strong competitor, the stations in Los Angeles being about equally divided between the Home and the Bell.

In 1914 agitation for a consolidation was started and in 1916 a plan was completed by which a third company was formed, Southern California Tel. Co., which was to take over both the Bell and the Home property in Los Angeles. The entire stock of the Southern California Tel. Co. is held by the Pacific Tel. and Tel. Co. and the company is an Associated Company being combined with the Pacific Tel. and Tel. Co. in all Bell reports. The merger was consummated April 30, 1917.

4. OUTSTANDING SECURITIES AT DATE CONTROL WAS SECURED

December 31, 1916 -	Preferred Stock	$ 3,000,000
	Common Stock	3,000,000
	Bonds	4,027,000
		$10,027,000

5. NUMBER OF STATIONS AT DATE CONTROL WAS SECURED

January 1, 1917 - All in Los Angeles	61,501

6. GENERAL REMARKS

Prior to the date on which the Home Tel. and Tel. Co. of Los Angeles was purchased, it had had no traffic relations with the Bell and had been actively competing with the Bell.

No. 249, Sheet 2.

274

HOME TELEPHONE AND TELEGRAPH COMPANY, LOS ANGELES, CALIFORNIA

Actual Cost of Telephone Apparatus and Lead Covered Cable

Versus

Western Electric Company, Incorporated, Prices to Associated Companies Under Standard Supply Contract on Same Classes of Material.

(a)	Year (b)	Actual Cost (c)	Cost under Standard Supply Contract (d)	Actual Cost Higher by	
				Amount (e)	Per Cent (f)
Telephone Apparatus	1904	$ 14,342.09	$ 11,733.34	$ 2,608.75	22.2
	1905	27,798.98	23,108.09	4,690.89	20.3
	1906	22,743.88	14,869.68	7,874.20	53.0
	1907	17,568.58	15,327.66	2,240.92	14.6
	1908	7,254.83	6,797.60	457.23	6.7
Total		$ 89,708.36	$ 71,836.37	$ 17,871.99	24.9
Lead Covered Cable	1908	$ 2,414.75	$ 1,717.16	$ 697.59	40.62
	1909	54,475.32	39,554.35	14,920.97	37.72
	1910	27,478.00	20,232.15	7,245.85	35.81
	1911	71,956.38	59,390.77	12,565.61	21.16
	1912	184,421.36	149,404.13	35,017.23	23.44
	1913	144,490.26	117,943.34	26,546.92	22.51
	1914	65,472.46	51,616.71	13,855.75	26.84
	1915	63,421.12	54,239.44	9,181.68	16.93
Total		$614,129.65	$494,098.05	$120,031.60	24.29
Grand Total .		$703,838.01	$565,934.42	$137,903.59	24.37

No. 249, Sheet 3.

HOME TELEPHONE AND TELEGRAPH COMPANY, LOS ANGELES, CALIFORNIA

List of Material Included in Study.

Batteries	50,875
Coils	13,472
Condensers	4,486
Cords	18,827
Cord Weights	990
Desk Sets	1,200
Desk Set Boxes	100
Desk Stands	1,742
Drops	234
Fuses	7,050
Generators	102
Jacks	3,344
Keys	3,094
Lamps	30,526
Lamp Caps	16,075
Plugs	5,847
Protectors	105
Receivers	1,355
Relays	1,906
Switchboard Cable	850'
Telephone Sets	1,275
Terminal Strips	1,024
Transmitters	383
Transmitter Arms	115
Lead Covered Cable	1,339,527'

No. 249, Sheet 4.

EXHIBIT 11

STUDY OF COST OF TELEPHONE SUPPLIES.

ROCHESTER TELEPHONE CORPORATION, ROCHESTER, N.Y.

1920

Outline of Study.

The attached study shows that during 1920 the Rochester Telephone Corporation could have saved at least 32% on its purchases of telephone apparatus and lead covered cable if it had operated under the Standard Supply Contract in effect between the Associated Companies and the Western Electric Company, Incorporated.

The Rochester Telephone Corporation was an active competitor of the Bell System and prior to the date of consolidation had no traffic relations with it as indicated in the history of the company, Sheet 2 attached.

The purchase record cards for the years preceding control by the Bell System were examined and the essential purchasing data drawn off for all items of telephone apparatus and lead covered cable.

The items of Western Electric manufacture competing with those actually purchased were designated by the Engineering Department of the American Telephone and Telegraph Company without knowledge of the prices actually paid and under the general plan that unless the Western Electric article was as good or better than the actual purchase and standard to the Associated Companies no comparison should be made.

Telephone Apparatus.

Purchases of telephone apparatus which were compared with material manufactured by the Western Electric Company amounted to $24,146 - 31% of the total purchases. The price at which this apparatus could have been purchased from the Western Electric Company under the Standard Supply Contract is $21,604. This actual cost is $2,542 or 12% more than the Western Electric cost. Purchases on which no comparisons were made amounted to $6,403 - 8% of the total purchases. This includes miscellaneous purchases, items insufficiently described in the invoice and articles discarded by the engineers. It was assumed that on this class of material the Western Electric price would have been the same as the actual cost. This is more than fair for on items on which adequate comparisons could be made the actual cost was found to be 12% higher. Freight was not considered in the comparison as most of the items were purchased from Rochester Suppliers.

Under the Standard Supply Contract the Western Electric Company includes purchasing and warehousing expenses in the listed price of the article of Western Electric manufacture. To make the comparison fair the cost of warehousing and purchasing was estimated at 4% and added to the actual cost paid by the Rochester Telephone Corporation. This amounts to $1,222.

Summarizing we find that the actual cost of telephone apparatus is $13,764 or 13% higher than the prices to an Associated Company under The Standard Supply Contract.

Lead Covered Cable.

Lead covered cable purchases amounted to $48,582 - 61% of the total purchases. The Western Electric prices to the Associated Companies for similar material would have been $32,982. The actual cost of the cable is therefore $15,600 or 47% more than it would have been under the Standard Supply Contract.

On cable which was purchased f.o.b. Rochester the freight charge from the Hawthorne factory of the Western Electric Company to Rochester was estimated and included in the Western Electric price. On all other cable the freight to Rochester was estimated. As the rate from Pittsburgh is lower than the rate from Hawthorne the charge under the Standard Supply Contract would have been $26 more than the actual freight.

On cable, therefore, the actual cost including freight is $15,573 or 47% more than the cost under the Standard Supply Contract.

April 25, 1922.
No. 254 Sheet 1.

277

HISTORY OF ROCHESTER TELEPHONE COMPANY, ROCHESTER, N.Y.

1. NAME OF COMPANY

Rochester Telephone Company.

2. GENERAL TERRITORY

Rochester, N.Y. and contiguous territory.

3. WHEN ORGANIZED

November 24, 1899.

4. BRIEF HISTORY

This company was organized in 1899 by local men as the Home Tel. Co., but was reorganized in the same year and called the Rochester Tel. Co. In 1905 the Rochester Tel. Co. gained stock control of the Bergen Tel. Co., Brockport Tel. Co. and the Interlake Tel. Co., all small companies operating around Rochester. In 1906, the United States Independent Tel. Co. obtained control of the Rochester Tel. Co. Upon the failure of the United States Independent Tel. Co. in 1908, the Rochester Tel. Co. was reorganized. In 1911 the Consolidated Tel. and Tel. Co. of Buffalo, a holding company for the Federal Tel. and Tel. Co., purchased a majority of trust agreement certificates but failed to gain operating control as a majority of the stock had been deposited with the company under a trust agreement which did not expire until 1920. In March, 1918 the Bell purchased all of the physical property of the Federal Tel. and Tel. Co., together with $257,830 par value of Rochester Tel. Co. voting trust certificates. On August 1, 1921 the Rochester Telephone Corporation was organized to take over the properties of the Rochester Tel. Co. and those of the New York Telephone Company in the vicinity of Rochester and operate them as one system. The properties of the Brockport Tel. Co. and Bergen Tel. Co. were also purchased and merged at the same time. The Rochester Telephone Corporation purchased the property of the New York Tel. Co. and entered into a Connecting Agreement in August, 1921. Prior to that date the New York Tel. Co. never had any traffic relations with the Rochester Tel. Co.

5. OUTSTANDING SECURITIES AT DATE OF MERGER

Rochester Tel. Corporation -

Preferred Stock	*$4,814,000
Common	# 100,000

Rochester Tel. Company -

Funded Debt	$1,058,500

6. NUMBER OF BELL AND ROCHESTER STATIONS AT DATE OF MERGER

August 1, 1921 -	Bell	36,841
	Rochester	18,929
	Total	55,770

* (Non-Voting) All owned by New York Telephone Company.
$33,500 owned by New York Telephone Company.

ROCHESTER TELEPHONE CORPORATION, ROCHESTER, N. Y.

Actual Cost of Telephone Apparatus

Versus

Western Electric Company, Incorporated Prices to Associated Companies Under Standard Supply Contract on Same Classes of Material.

Year 1920

(a)	Per Cent of Total Purchases (b)	Actual Cost (c)	W. E. Cost under Standard Supply Contract (d)	Actual Cost Highest	
				Amount (e)	Per Cent (f)
Telephone Apparatus					
Items Compared	31	$24,145.88	$21,603.73	$ 2,542.15	11.77
Items not Compared*	8	6,403.35	6,403.35		
Warehousing on Total Purchases		1,221.97		1,221.97	
Total		$31,771.20	$28,007.08	$ 3,764.12	13.44
Lead Covered Cable					
Items Compared	61	$48,581.76	$32,982.12	$15,599.64	47.30
Freight		54.16	80.42	# 26.26	
Total		$48,635.92	$33,062.54*	$15,573.38	47.10
Grand Total . . .		$80,407.12	$61,069.62	$19,337.50	31.66

* Includes material not described sufficiently in invoice and items discarded by the Engineers (See memo.)

Indicates that cost under Standard Supply Contract is higher.

ROCHESTER TELEPHONE CORPORATION, ROCHESTER, N. Y.

1920

Actual Prices Paid for Telephone Apparatus

Versus

Western Electric Company, Incorporated Prices to Associated Companies Under Standard Supply Contract for the Same Classes of Material.

List of Items on Which Comparisons Could be Made.

Item (a)	Quantity (b)	Total Actual Cost (c)	Total W. E. Cost (d)
Batteries	2,500	$ 918.91	$ 613.15
Battery Boxes	12	12.60	11.40
Bell Boxes	1,089	6,859.65	3,916.15
Condensers	325	336.25	286.25
Cords	4,915	3,200.72	2,199.92
Desk Telephones	1,438	10,951.50	12,755.22
Heat Coils	50	7.00	6.00
Interrupters	3	96.00	86.25
Lamp Caps	1,050	144.00	85.50
Oper. Tel.	11	101.50	108.62
Plugs	96	97.75	80.60
Protectors	500	427.50	570.00
Relays	134	317.00	257.75
Ringers	100	230.00	325.00
Wall Telephones	33	445.50	401.92
Total		$24,145.88	$21,603.75
Per Cent of Western Electric Cost		111.77%	100%

No. 254 - Sheet 4.

280

ROCHESTER TELEPHONE CORPORATION, ROCHESTER, N. Y.

1920.

Actual Prices Paid for Lead Covered Cable

Versus

Western Electric Company, Incorporated Prices to Associated Companies Under Standard Supply Contract on Same Class of Material.

Supplier (a)	Description (b)	Quantity (c)	Total Actual Cost (d)	Total W.E. Cost Under Standard Supply Contract (e)
Std.Und&.Cable	300 pr.,30 ga.,dbl. wrap paper, 12 ESC,1/8" lead sheath 1/2% antimony	500'	$ 466.66	$ 409.50
"	300 " 30 " " " " 12 " 1/8" " " 1/2% "	500'	640.00	567.35
"	100 " 22 " " " " 12 " 7/64" " " 1/2% "	1,000'	435.86	256.40
"	200 " 22 " " " " 12 " 1/8" " " 1/2% "	1,000'	734.21	488.20
"	300 " 22 " " " " 12 " 1/8" " " 1/2% "	2,728'	*3,040.08	*1,888.46
"	400 " 22 " " " dry " 12 " 1/8" " " 1/2% "	500'	407.30	419.85
West.Elec.	SA 600	6,801'	*10,881.60	*7,321.34
"	SA 900	14,127'	*21,785.75	*21,681.03
	Total Cost		$48,581.74	$32,982.13
	Per Cent of Western Electric Cost		147.30%	100%

* Includes freight.

No. 356 - Sheet 5.

Exhibit 12.

5 pages

E. V. Cox

STUDY OF COST OF TELEPHONE SUPPLIES

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (LOUISIANA)

1921

E. V. COX,

May 26, 1922. Supply Contract Auditor.

No. 258 Sheet 1.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (LOUISIANA)

1921

Actual Prices Paid Western Electric Company, Incorporated, Under Standard Supply Contract

Versus

Lowest Prices of Competing Manufacturers on Same Classes of Material.

(a)	Per Cent of Total Purchases (b)	W.E. Prices (c)	Lowest Prices of Competing Manufacturers (d)	Saving Under Supply Contract	
				Amount (e)	Per Cent (f)
*Telephone Apparatus -					
Items Compared	54	$153,881.21	$171,277.70	$17,396.49	11.31
#Items Not Compared . .	30	87,310.30	87,310.30		
Freight			1,447.15	1,447.15	
Warehousing on Total Purchases			9,647.66	9,647.66	
Total		$241,191.51	$269 682.81	$28,491.30	11.81
Lead Covered Cable -					
Items Compared	16	$ 45,199.95	$ 54,416.20	$ 9,216.25	20.39
Freight		2,859.86	2,398.35	ƒ 461.51	
Total		$ 48,059.81	$ 56,814.55	$ 8,754.74	18.22
Grand Total		$289,251.32	$326,497.36	$37,246.04	12.88

* Includes silk and cotton, and wool insulated lead covered cable.

\# Includes patented and special apparatus, miscellaneous purchases etc., and material not made by other manufacturers. Competing price assumed to be the same as actual price.

ƒ Indicates that cost under Standard Supply Contract is higher.

No. 258 - Sheet 2.

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CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (LOUISIANA)

1921

Actual Prices Paid Western Electric Company, Incorporated
for Telephone Apparatus Under Standard Supply Contract
Terms

Prices of Competing Manufacturers on Same Classes of Material.

List of Items on Which Comparisons Could be Made.

Description (a)	Quantity Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Batteries, Blue Bull	97,289	$22,602.84	*$23,496.10	$	$
Battery Box No. 1-A	447	494.69	* 733.77		
Cable Terminals No. 13-A	32	46.39	* 108.80	110.40	
" " " 14-C	344	3,186.00			44,775.26
" " " 14-D	24	215.69			* 450.40
" " " 16-D	6	108.50			* 134.65
" " " 13-D	75	759.76	* 787.50		
Coin Collector No. 11-A	84	188.40	* 89.08	89.08	
Condensers No. 1-A	30	44.40	* 31.05	31.05	
" " 21-A	6	8.40	* 8.12		
" " 21-AA	13	13.00	* 11.48	11.48	
" " 21-AF	314	364.05	* 332.00	332.00	
" " 21-D	182	210.30	* 188.72	190.10	
" " 21-E	30	19.20	* 21.95	21.95	
Connecting Blocks No. 10-C	14	57.60			* 36.12
" " " 10-E	433	2,197.75			*1,738.19
Cords No. 16 6'	79	48.19	34.26	49.77	
" " 16 6' 6"	94	53.14	* 33.97	46.82	
" " 87 6'	2,037	2,038.00	* 2,100.30	2,344.62	
" " 92 3-1/2'	2,660	384.31	* 893.80	224.00	
" " 447 6'	100	93.00	* 87.80		
" " 447 104 Plug	493	798.73	* 661.72	1,014.72	
" " 447 109 Plug	6,571	11,415.79	* 13,930.24	14,719.04	
" " 448 6'	136	115.60	* 119.73	134.64	
" " 448 37 Plug	1,833	2,696.87	* 2,304.36	3,657.93	
" " 448 116 Plug	8,838	11,900.80	* 14,317.08	15,317.13	
" " 450	1,144	1,348.77	1,631.17	* 1,993.89	
" " 495 18 Plug	230	276.58	* 279.25	280.00	
" " 495 47 Plug 5' 6"	184	228.60	* 271.44	297.92	
" " 495 47 Plug 6'	762	876.30	* 1,055.87	1,130.24	
" " 495 47 Plug 6'	38	48.16	* 50.35	52.16	
" " 495 47 Plug 8'	89	108.05	* 93.57	104.68	
" " 495 47 Plug 10'	80	89.90	* 110.10	110.30	
" " 495 110 Plug	28	31.45	34.24	* 34.57	
" " 532	32	38.80	* 35.88	39.87	
" " 547 7-7/8"	443	47.38	21.13	* 43.83	
" " 548 9-7/8"	8,089	2,175.88	* 2,340.64	2,818.04	
" " 549 3-1/2"	8,370	4,184.61	* 4,887.72	5,048.38	
" " 550 3-1/2"	394	484.10	* 387.46	458.54	
" " 632 87 Plug	34	8.34	8.40	8.40	
Cord Weights No. 119	6,928	21,424.61	* 25,284.81	28,134.30	
Desk Stand No. 20-AL	3,535	254.30			* 276.17
Pigeon No. 7-A	3,428	988.42			* 606.35
" " 7-T	30	10.00			* 5.35
" " 11-A	672	94.08			* 71.85
" " 11-C	605	148.73			* 84.69
" " 11-D	12	2.34			* 1.92
" " 87	30	97.50	* 116.30	165.58	
Generator No. 23-A	3	8.00	* 8.78	12.00	
" " 45-A	14	47.83	* 39.94	93.90	
" " 46-A	17	97.15	* 88.07		
" " 46-B	144	39.90			* 21.34
Hunt Coil No. 71-A	6,495	779.40			* 676.68
" " 72-A	1	27.60	* 22.00		
Interrupter No. 86-D	4	115.00	* 138.00		
" " 86-E	25	2.75	* 18.75	18.75	
Jacks No. 3	1,950	778.43	1,482.30	* 1,083.00	
" " 15 10 per	250	126.00	275.00	* 173.00	
" " 15 20 "	185	79.30	* 72.00	136.00	
" " 49 141 Wtg. 10 per	38	8.64	* 21.00	21.00	
" " 99	73	18.25	109.50	* 91.25	
" " 118	5	.96	* 2.25		
" " 122	130	39.89	* 90.00	90.00	
" " 147	12	5.03	* 9.00	9.00	
" " 155	175	102.20	262.50	* 210.75	
" " 160	41	34.90	* 41.00		
Keys No. 8-L-C	15	84.25	126.50	* 70.50	
" " C-L-A	30	45.00	71.00	* 38.00	
" " 36-A	12	29.40	37.40	* 27.00	
" " 92-A	5	5.00	8.75	* 5.00	
" " 93-D	18	10.34	22.75	* 13.00	
" " 848-A	4	4.88		* 3.38	
" " 374-A	71	40.38	* 126.10	134.90	
" " 404-A	3	1.00	* 2.00		
Lamps No. 2-A	237	87.81	* 114.45		
" " 5-C	200	70.00	70.00	* 42.00	
" " 5-F	644	180.88	226.10	* 200.24	
" " 5-G	3,160	1,449.38	1,799.00	* 1,593.40	
" " 5-T	497	173.94	219.45	* 194.37	
" " 5-U	2,318	849.14	811.30	* 718.58	
" " 6-D	19	* 5.38	6.65	* 5.89	

Description (a)	Quantity Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Lamp Caps No. 3-AB	10	$ 1.10	$ 2.00	*$ 1.30	$
" " " 3-AS	113	12.43	17.25	* 13.90	
" " " 3-AT	366	39.97	* 41.16	41.52	
" " " 3-F	100	11.00	13.00	* 12.00	
" " " 3-G	10	2.00	7.50	* 6.00	
" " " 3-L	267	28.47	* 22.24	28.04	
Lamp Sockets No. 12 Wtg. 100 per	1,250	302.10	* 411.30		
" " " 13	28	4.76	* 7.00	7.00	
Plugs No. 37	17	13.60	* 21.25	21.25	
" " 47	40	32.00	* 32.00	32.00	
" " 108	3,643	4,880.32	* 7,282.30	7,015.50	
" " 110	864	792.00	* 1,188.00	1,188.00	
" " 137	99	126.77	148.50	* 188.73	
" " 147	12	15.70	* 42.00		
Protectors No. 8-B	640	965.93			* 621.24
" " 13-A	41	58.93			* 37.00
" No. 1078-A	310	99.20			* 201.32
" " 1148-A	144	109.48			* 178.56
" " 1149-A	1,439	1,851.56			*2,735.42
Protector Blocks No. 19	200	11.51			* 4.70
" " " 20	160	9.20			* 7.52
" " " 26	1,600	64.00			* 22.56
Protector Mixes No. 1	1,475	51.67			* 41.00
" " " 10	4,570	114.28			* 132.60
" " " 11	1,045	37.62			* 30.06
	1,986	123.84			* 89.34
Relays No. 1-B	8	5.48	* 6.72	8.10	
" " 2-D	2	8.20	* 10.00	11.00	
" " 2-L	12	24.00	* 28.80	30.60	
" " 2-S	72	142.20	* 197.28	213.12	
" " 2-T	1	2.25	2.90	* 2.70	
" " 2-Y	4	4.00	* 6.32	6.52	
" " 14-A	35	78.65		* 102.73	
" " 114-H	1	1.75	3.15	* 2.00	
" " 122-AK	1	2.25		* 2.73	
" " 122-BL	1	1.70	* 2.73	2.73	
" " 122-L	87	218.93	* 220.00	220.00	
Repeating Coils No. 19-A	1	4.20	* 5.00	5.00	
" " " 27-F	14	138.10	208.20	* 246.00	
" " " 46-A	1	13.00	13.50	* 8.00	
" " " 55-A	8	134.20	113.50	* 72.00	
" " " 55-C	2	27.60	25.00	* 16.00	
" " " 55-E	2	27.60	25.00	* 16.00	
Resistances No. 1-W	2	2.60	* 4.20		
" " 18-AF	3	1.41	* 1.89	2.79	
" " 18-B	11	5.17	* 7.13		
" " 18-D	2	2.60	* 2.90		
" " 18-G	4	1.88	* 2.60		
" " 18-L	1	.47	* .68		
" " 18-T	3	1.41	* 1.95		
Retardation Coils No. 47-E	20	23.70	* 23.00	28.00	
Signal Plug No. 3-B	1,000	28.00	* 7.00	28.00	
Subset No. 43-F	30	138.65	* 228.90		
" " 134-E No. 30 Ind. Coil	3	11.98	* 21.90		
" " 138-A	109	494.18	999.25	* 955.90	
" " 240-A	64	261.97	* 471.68		
" " 293-T	2	7.00	* 13.97		
" " 293-A	13	80.13	* 70.79		
" " 293-AA	211	738.92	1,357.30	* 1,108.00	
" " 300-E	4	28.28	48.68	* 36.20	
" " 315-A	14	148.54	198.28	* 122.75	
" " 315-E	30	148.95	274.50	* 201.00	
" " 317-AH	273	2,225.94	2,184.75	* 2,024.00	
" " 317-AK 13 Ind. Coil	98	844.23	* 1,122.98	1,194.78	
" " 317-AK	7	57.27	* 100.10	100.38	
" " 317-F	71	635.21	963.20	1,054.73	
" " 334-A	7	73.16	* 98.70	108.08	
" " 392-A	4	13.07	* 21.60	23.00	
" " 533-A	88	447.30	* 588.91	654.91	
" " 533-A 30 Ind. Coil	449	3,725.27	* 3,760.99	3,488.68	
" " 534-A	73	439.61	* 488.00	697.30	
" " 534-A Ind. Coil	5,822	16,305.30	18,172.00	19,960.00	
" " 550-D	715	3,900.30	* 3,861.00	4,147.00	
Switchboard No. 550-B (30 Line)	4	19.66	20.30	23.00	
Switchboard Cable No. 1016	2	761.22	971.70	* 953.10	
" " " 1024	160	46.00	* 88.15		
" " " 1064	2,589	813.73	424.75		
" " " 6016	200	137.30	* 78.80		
" " " 6030	2,250	980.62	* 817.45	1,184.99	
" " " 6070	3,230	1,878.91	* 1,198.27	1,741.60	
" " " 6079	1,476	871.38	* 603.15	991.87	
Transmitter Attachment No. 8-A	150	21.73	* 14.30	27.00	
	24	8.88	* 8.03	6.00	

	Total W. E. Price	Total Kellogg Price	Total Stromberg-Carlson Price	Total Cook Electric Price
Kellogg Total Cost and Comparable W. E. Cost	$137,257.97	$152,813.94		
Per Cent of W. E. Cost	100%	111.34%		
Stromberg-Carlson Total Cost and Comparable W. E. Cost	$111,781.06		$134,694.48	
Per Cent of W. E. Cost	100%		120.54%	
Cook Total Cost and Comparable W. E. Cost	$ 10,389.10			$12,164.10
Per Cent of W. E. Cost	100%			117.11%
W.E. Total Cost and Lowest Competing Cost	$160,297.27		$163,676.58	
Per Cent of W. E. Total Cost	100%		130.57%	

* Lowest price of competing manufacturers.

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No. 232 - Sheet 2.

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CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (LOUISIANA)

1921.

Actual Prices Paid Western Electric Company, Incorporated for Silk and Cotton, and Wool Insulated Lead Covered Cable Under Standard Supply Contract

Versus

Prices of Competing Manufacturers on the Same Classes of Material

Description (a)	Number of Feet Purchased (b)	Total W. E. Price (c)	Total Lowest Competing Manufacturers Price (d)
E- 10	100	$ 71.52	$ 34.50
E- 20	42	22.22	30.28
F-100	100	90.72	98.02
F-200	1,000	580.97	1,844.00
F-606	80	229.20	59.66
G- 10	1,064	174.57	171.68
G- 11	1,250	199.96	212.50
G- 15	335	79.64	81.91
G- 16	2,800	576.04	584.95
G- 20	320	86.30	89.60
G- 25	350	103.91	111.02
G- 26	3,500	866.60	987.00
G- 30	40	25.00	14.28
G- 50	825	539.59	465.64
G- 51	1,035	544.34	547.52
G-100	45	40.82	75.47
G-137	240	182.60	387.60
10 pr. 19 Ga. D.S. and D.C.	60	32.10	32.04
11 pr. 19 Ga. Non-duplex	35	10.71	26.60
20 pr. 19 Ga. D.S. and D.C.	46	31.69	38.46
21 pr. 19 Ga. D.S. and D.C.	720	291.48	347.04
25 pr. 19 Ga. D.S. and D.C.	35	33.[illegible]	38.05
50 pr. 19 Ga. D.S. and D.C.	48	53.52	69.31
51 pr. 19 Ga. D.S. and D.C.	650	447.20	697.45
65 pr. 19 Ga. Non-duplex D.S. and D.C.	60	94.74	100.68
38 pr. 16 Ga. Non-duplex D.S. and D.C.	15	36.30	46.43
104 pr. 16 Ga. D.S. and D.C.	35	138.95	111.98
Total Cost		$5,583.94	$7,303.62
Per Cent of Western Electric Total Cost		100%	130.80%

No. 258 - Sheet 4.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (LOUISIANA)

1921

Actual Prices Paid Western Electric Company, Incorporated, for Paper Insulated Lead Covered Cable Under Standard Supply Contract

Versus

Prices of Competing Manufacturers on Same Classes of Material.

Description (a)	Number of Feet Purchased (b)	Total W. E. Price (c)	Total Lowest Competing Manufacturers Price (d)
M-1212	1,066	$ 1,567.01	$ 1,886.52
MA- 25	17,340	1,712.18	2,061.29
MA- 50	15,697	2,497.58	3,006.84
MA-100	11,992	3,327.91	4,006.47
MA-150	3,650	1,409.41	1,696.79
MA-200	9,579	5,080.29	6,116.16
MA-300	1,835	1,313.28	1,581.06
MM- 26	10,700	821.64	989.17
MM- 50	16,200	1,949.99	2,347.59
MM-100	10,600	2,131.16	2,565.70
MM-150	1,150	272.12	327.61
SA-400	2,136	1,676.66	2,018.53
SA-600	7,614	8,454.94	10,178.90
SA-900	1,445	2,357.24	2,837.88
TA- 15	2,500	228.96	275.64
TA- 25	5,850	542.75	653.42
TA- 50	2,100	363.02	437.04
TA-100	2,500	749.90	902.80
TA-200	10,150	8,743.91	10,526.79
Total Cost		$45,199.95	$54,416.20
Per Cent of W.E. Total Cost		100%	120.39%

EXHIBIT 13

STUDY OF COST OF TELEPHONE SUPPLIES

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (TENNESSEE)

1921

Outline of Study

This study covers all telephone apparatus and lead covered cable purchased by the Cumberland Telephone and Telegraph Company from the Western Electric Company, Inc., for the State of Tennessee during the first eleven months of the year 1921. It shows that these purchases, if made from manufacturers competing with the Western Electric Company, Inc., would have cost the Cumberland Telephone and Telegraph Company 14.80% more than was the actual cost from the Western Electric Company, Inc., under the Standard Supply Contract.

Telephone Apparatus

The Stromberg-Carlson Telephone Manufacturing Company, Rochester, N. Y., the Kellogg Switchboard and Supply Company, Chicago, Ill. and the Cook Electric Company, Zion City, Ill. are the principal manufacturers of telephone apparatus competing with the Western Electric Company, Inc.

Purchases of Telephone Apparatus which were compared with similar apparatus manufactured by competing firms amounted to $153,979 - 48% of the total purchases. The lowest price at which this could have been purchased from competing manufacturers is $181,998 which is $28,019 or 18.20% more than the actual cost. The freight from Zion City, Chicago and Rochester, the f.o.b. points of the competing firms, would have increased this difference by approximately $1,731 as the Western Electric Company, Inc., prices are f.o.b. its warehouse at Nashville, Tennessee.

Purchases on which no comparisons were made amounted to $134,594 - 42% of the total purchases. This includes patented and special apparatus, frame works, miscellaneous purchases and other material on which no adequate comparison could be made. It was assumed on this class of material that the competing prices would have been the same as the actual cost. This is more than fair for the study shows that on items on which adequate comparisons could be made, the competing price would have been 18% higher.

Under the Standard Supply Contract the Western Electric Company, Inc., includes purchasing and warehousing expenses in its prices for apparatus of its manufacture. If this equipment had been bought from other firms the cost of these services would have been approximately 4% of the total purchases thus increasing the cost of the apparatus by $11,543.

Summarizing we find that the cost of similar apparatus if purchased at the lowest prices of competing manufacturers would have been at least $329,866 which is $41,393 or 14.31% more than the actual cost of these purchases from the Western Electric Company, Inc.

Lead Covered Cable

Lead covered cable purchases amounted to $31,971 - 10% of the total purchases. These prices were f.o.b. the Hawthorne, Illinois factory of the Western Electric Company, Inc. The lowest prices of other manufacturers for similar material would have been $38,490 which is $6,518 or 20.39% more than the actual cost. Freight charges from Hawthorne and the competing firms to Tennessee are approximately the same.

Summarizing we find that the cost of cable if purchased from other manufacturers would have been at least $40,890 which is $6,518 or 18.97% more than the actual cost.

No. 257A, Sheet 1.

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CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (TENNESSEE)

1921

Actual Prices Paid Western Electric Company, Incorporated, Under Standard Supply Contract

Versus

Lowest Prices of Competing Manufacturers on Same Classes of Material.

(a)	Per Cent of Total Purchases (b)	W.E. Prices (c)	Lowest Price of Competing Manufacturers (d)	Saving Under Supply Contract	
				Amount (e)	Per Cent (f)
*Telephone Apparatus -					
Items Compared	48	$153,979.20	$181,998.31	$28,019.11	18.20
#Items Not Compared . . .	42	134,593.63	134,593.63		
Freight			1,731.44	1,731.44	
Warehousing on Total Purchases			11,542.91	11,542.91	
Total		$288,572.83	$329,866.29	$41,293.46	14.31
Lead Covered Cable -					
Items Compared	10	$ 31,971.18	$ 38,490.10	$ 6,518.92	20.39
Freight		2,400.48	2,400.48		
Total		$ 34,371.66	$ 40,890.58	$ 6,518.92	18.97
Grand Total		$322,944.49	$370,756.87	$47,812.38	14.80

* Includes silk and cotton, and wool insulated cable.
Includes patented and special apparatus, switchboard frameworks, miscellaneous purchases and apparatus not made by other manufacturers.

[illegible] TELEPHONE AND TELEGRAPH COMPANY (Tennessee)

1931

Actual Prices Paid Western Electric Company, Incorporated for Telephone Apparatus Under Standard Supply Contract

Versus

Prices of Competing Manufacturers on Same Classes of Material

List of Items on Which Comparisons Could be Made.

Description (a)	Quantity Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Batteries, Dive Bell	79,335	$23,650.61	*$23,647.40	$	$
Battery Boxes No. 1-A	161	125.58	225.63		
Cable Terminals No. 13-A	25	30.25	71.95	86.25	
" " " 14-B	755	2,615.08			2,485.05
" " " 14-C	75	1,023.75			1,685.50
Coin Collectors No. 11-A	6	43.44	42.00		
Condensers No. 2-A	75	150.00	78.84	78.84	
" " 21-B	765	665.55	612.00	680.00	
" " 21-C	324	362.88	288.36	324.15	
" " 21-E	27	44.55	21.33	23.62	
" " 21-A	12	7.68	28.68	12.48	
Connecting Blocks No. 10-C	1	10.00			11.25
" " " 10-D	1	4.54			2.54
" " " 10-E	22	214.39			72.25
" " " 11-A	416	68.74	91.84		
Cords No. 6	2	7.35	8.84	8.88	
" " 10 2-1/2'	16	5.36	4.29	5.76	
" " 10 5'	125	76.88	97.38	72.75	
" " 10 6-1/2'	3	1.94	1.38	1.89	
" " 87 5'	2,350	2,324.90	2,647.34	2,325.00	
" " 88 2-1/2'	1,480	583.76		574.08	
" " 156 2-1/2'	30	13.20	14.45	10.80	
" " 287 2-1/2'	304	140.40	137.28		
" " 288	6	3.90	3.36	4.14	
" " 316 2-1/2'	8	6.00	6.64	7.36	
" " 390 2-7/8"	114	7.47	9.35	10.26	
" " 392	9	4.94	5.85	6.53	
" " 427 5'	7	1.57		1.89	
" " 447 5'	2,041	7,064.04	7,222.78	6,930.59	
" " 448 5'	30	11.55	12.63		
" " 449 5'	7,665	6,336.18	6,691.64	7,320.86	
" " 450	6,665	5,023.92	7,130.40	6,265.80	
" " 493 5'	1,050	682.78	756.75	661.66	
" " 498 6-1/2'	6	5.46	5.80		
" " 539 5-1/2"	21	17.01	20.66	19.53	
" " 547 5-7/8"	100	12.24	15.82	12.92	
" " 548 5-7/8"	206	18.46	18.46	18.54	
" " 549 5-1/2"	2,160	2,021.40	2,021.06	2,073.60	
" " 550 5-1/2"	5,160	5,160.30	5,387.21	5,773.02	
" " 618 5' 5"	1,647	1,235.13	1,648.34	1,438.58	
" " 636 6'	0	4.12	3.58		
Cord Pendants No. 9	1,578	94.68	63.12	78.90	
Cord Weights No. 116	103	16.97	64.05	64.05	
Cook Blocks No. 20-A1	6,498	18,848.21	23,748.34	18,127.75	
" " " 20-CC	2	4.30	7.25	11.50	
Designation Strip No. 24-A	21	10.34		15.25	
" " " 25-A	13	8.75		9.75	
Drops No. 19-A	3	4.95	6.15	10.50	
" " 19-C	15	11.25	20.27	14.00	
" " 26-B	10	17.30	18.00	25.00	
Fuses No. 7-A	4,325	648.75			715.80
" " 9-F	2,680	1,285.21			1,497.69
" " 11-C	2,325	388.64			368.64
" " 11-D	2,010	502.50			215.75
Generators No. 25-A	21	75.36	78.06	113.30	
" " 25-B	1	4.28	5.03		
" " 49-A	2	9.12	9.28	12.65	
" " 49-B	2	9.28	8.78		
" " 49-C	12	64.44	55.79	72.00	
" " 49-D	3	17.22	15.67		
Gongs No. 1	12	1.26	2.16		
" " 15	16	2.00	4.72		
" " 23-A	416	92.12	48.93		
Hand Bands No. 3-A	224	109.48	108.73		
" " " 1261	9	10.35	9.00		3.51
Hunt Coils No. 71-A	21	1.00			646.54
" " " 72-A	4,610	530.00			
Interrupters No. 24-B	12	382.68	264.00		
" " 24-C	1	32.75	32.00		
" " 24-F	2	61.30	64.00		
" " 24-G	2	65.20	64.00		
Jacks No. 15 Mtg. No. 9	30	14.25	22.50	21.00	
" " 15 " " 10	660	281.97	330.00	264.00	
" " 49 10 pwr	150	82.50	72.00	75.00	
" " 49 20 "	1,700	597.32	650.00	712.00	
" " 78 Mtg. No. 21	30	9.30		7.00	
" " 82 " " 19	60	17.00	26.40	18.00	
" " 82 " " 113	60	7.80	13.80	14.00	
" " 82 " " 138	80	14.20	26.40	17.00	
" " 83	560	66.92	201.73	201.73	
" " 303	4	1.64	4.32	4.32	
" " 122	15	9.75	13.50		
" " 124	15	10.87	18.00	13.05	
" " 141 Mtg. No. 109	10	6.50	11.00	7.00	
" " 141 " " 115	200	148.00	192.00	130.00	
" " 161 " " 115	140	91.00	154.00	98.00	
" " 167	6	1.12	2.76	2.76	
" " 122	162	101.40	180.30	105.30	
" " 125	10	6.95	13.30	13.30	
" " 126	60	41.40	105.30	80.10	
" " 129	25	77.50		31.00	
Jack Pendants No. 15	10	7.00		10.00	
" " " 16	80	5.20		8.00	
Keys No. 4-A-4	1	7.25	6.55	6.55	
" " 4-A-4B	1	8.70	6.70	6.70	
" " 4-A-4C	1	11.90	10.90	8.40	
" " 4-A-4E	1	8.25	9.00		
" " 4-A-4	1	20.25	20.25		
" " 4-A-5	1	16.00	16.25	16.25	
" " 18-A	62	200.78	197.44	186.00	

Description (a)	Quantity Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Keys No. 98-A	11	$ 12.00	$ 10.25	$ 11.00	$
" " 99-A	78	88.08	101.08	93.60	
" " 103-A	17	68.85	80.75	68.85	
" " 103-A	1	1.73	2.00	2.30	
" " 130-C	1	6.15	7.02	6.90	
" " 166-D	1	4.60	5.52	5.00	
" " 168 Mtg. No. 110	10	6.50	10.00		
" " 172-A	1	1.38	1.72	1.60	
" " 173-A	2	1.72	4.02	2.88	
" " 176-A	15	23.73	28.20	26.55	
" " 464-A	12	17.76	18.00		
" " 603-B	152	1,120.88	1,155.72	937.80	
" " 445-A	2	11.00	17.02	18.40	
Lamps No. 2-A	288	86.08	160.02		
" " 2-E	288	28.80	28.80		
" " 2-F	4,016	1,848.32	1,824.72	1,484.96	
" " 2-G	1,884	867.00	660.00	864.00	
" " 2-L	180	80.10	82.80	82.80	
" " 2-M	2,664	852.48	852.48	786.48	
" " 2-N	888	182.04	178.68	151.08	
" " 2-T	180	9.00	21.60		
Lamp Caps No. 2-A	1,776	151.12	222.12	226.18	
" " 2-C	2,088	289.12	222.08	240.96	
" " 2-D	888	88.80	71.08	88.80	
" " 2-F	618	89.88	88.16	88.16	
" " 2-G	1,884	118.44	128.08	128.08	
" " 2-L	888	112.88	142.08	148.08	
" " 2-M	72	10.08	11.52	9.00	
" " 2-N	888	88.80	97.68	78.88	
" " 2-P			4.32	4.32	
" " 2-Q			4.32	4.32	
" " 2-R	4,848	241.12	241.68	241.68	
" " 2-S	28	12.88		12.88	
" " 2-T	12	3.60	3.60	3.84	
" " 2-U		3.92	3.92	4.00	
Lamp Sockets No. 13	120	21.60	60.00		
" " " 13 Mtg. 128	24	3.36	3.36		
" " " 15	247	68.14	91.78	91.78	
" " " 16	9	2.52	2.34		
" " " 26	12	7.92	2.76		
Mouthpiece No. 5001	11,000	911.30	990.00		
" " 5038	10	7.00	9.00		
Plugs No. 27	488	180.56	180.56	220.48	
" " 37	1,488	1,897.92	1,861.80	2,057.10	
" " 47	888	888.10	888.00	888.00	
" " 77	77	76.65	115.50	96.25	
" " 105	9,995	8,626.70	10,997.85	11,991.00	
" " 109	9,780	7,884.30	10,560.00	10,560.00	
" " 110					
" " 197	211	295.40	316.50	253.75	
" " 147	14	17.64	20.00		
Plug Seats No. 12	337	6.10	25.75	11.25	
" " 13	61	8.08	8.10	6.86	
Protectors No. 13-A	828	284.25			
" " 20-A	101	277.75			
" " 20-AF	7	4.04			
" " 77-B	828	16.56			
" " 1148-A	805	844.75			
" " 1148-B	69	51.87			
" " 1149-A	660	498.58			
Protector Blocks No. 1	1,881	51.87			
" " " 2	4,080	51.36			
" " " 19	9,225	472.75			
" " " 20	8,670	488.14			
" " " 26	13,612	484.08			
Protector Mixes No. 1	165	1.08			
" " " 9	6,672	144.08			
" " " 10	11,185	248.17			
" " " 11	2,840	259.04			
Relays No. A-1	428	668.68	1,021.44	1,200.00	
" " A-2	462	684.28	960.00	1,080.00	
" " B-1	58	41.48	51.72	62.10	
" " B-2	2	4.08	4.12	4.60	
" " B-2 Quad.	2	3.68	4.08		
" " B-13	15	14.10	24.00	72.60	
" " B-15	15	22.42	28.08		
" " B-16	15	20.10	28.08	24.00	
" " B-20	6	17.22	18.00	20.00	
" " B-21	1	15.52	18.10	13.00	
" " B-25	36	37.08	41.40	44.64	
" " B-2	2	4.08	4.72	4.60	
" " B-5	24	24.00	27.60	27.36	
" " B-6	15	20.10	28.08	24.00	
" " B-7	15	22.50	28.10	30.10	
" " B-8	1	3.20	3.20	3.20	
" " B-9	30	30.00	30.00	33.00	
" " B-11	30	30.00	39.00	37.00	
" " B-12	30	30.00	39.00	37.00	
" " B-30	3	3.90	4.80	4.80	
" " B-31	4	7.70	10.80	26.00	
" " B-110	30	19.80	28.20	30.00	
" " B-114	30	30.00	39.00	118.00	
" " B-127	10	17.30	26.00	22.00	
" " B-143	7	9.80	10.40	10.10	
" " B-288	3	6.30	7.20		
" " B-288	3	3.60	4.80	4.80	
" " B-287	30	21.00	40.80	44.00	
" " B-134-A	210	210.00		224.40	
" " 134-E	12	12.00	27.00	27.00	
" " 114-C	3	4.70	4.70	7.00	
" " 114-D	3	7.20	10.00		
" " 114-17	3	4.80	4.80		
" " 138-A	70	138.60	177.70		

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Description (a)	Quantity Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Relays No. 110-B	3	$ 6.00	$ 9.66	$ 9.15	$
" " 110-C	2	2.30	4.00	4.00	
" " 110-J	4	6.80	10.00 *	10.00	
" " 110-K	4	9.40	20.00 *	10.00	
" " 110-KY	4	7.24 *	20.00	10.00	
" " 110-KZ	4	10.00 *	20.00	11.00	
" " 110-LZ	4	9.00 *	20.00	11.00	
" " 110-MA	7	10.00 *	17.50	13.35	
" " 110-MB	2	4.20 *	9.00		
" " 110-P	4	12.00	15.00 *	11.00	
" " 110-S	2	3.00 *	5.00	6.30	
" " 110-T	42	114.30	421.00	421.00	
Repeating Coils No. 20-A	2	14.00	20.00		
" " " 20-B	7	73.00	91.00		
" " " 20-C	2	7.00	10.00	10.00	
" " " 97-A	12	80.00	60.00	60.00	
" " " 98-F	27	540.00	611.00	675.90	
" " " 98-A	1	6.00	9.00	9.00	
" " " 97-A	1	89.00	62.50	60.00	
" " " 20-A	2	27.00	23.00	14.00	
" " " 20-B	2	27.00	25.00	14.00	
" " " 20-C	1	3.30	3.65		
Resistances No. 1-A	10	55.00	65.00		
" " 10-C	7	3.30	4.35		
" " 10-AB	46	35.56	51.30		
" " 10-AJ	22	10.01	16.95		
Retardation Coils No. 1-C	10	10.00	11.50	13.50	
" " 2-C	10	20.00	11.50	10.00	
" " 2-F	7	10.46	8.75	12.75	
" " 12-A	2	2.25	2.50	2.75	
" " 12-C	3	4.75	4.25	6.25	
" " 12-F	24	24.00	20.40	10.40	
" " 12-G	3	3.00	6.00	10.00	
" " 12-H	3	3.75	3.75	4.75	
" " 12-J	2	2.00	2.00	2.75	
" " 12-K	7	6.65	5.25	8.75	
" " 12-L	10	11.50	12.50		
" " 12-M	23	46.75	46.75 *	20.75	
Ringers No. 2-A	156	104.00	260.00 *	193.40	
" " 2-A	100	100.00 *	150.00	111.25	
" " 7-A	73	130.75 *	147.00	130.00	
" " 2-A	3	6.75 *	6.00	6.90	
" " 20-A	13	22.10	22.00 *	22.75	

Description (a)	Quantity Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Ringers No. 97-B	9	$ 26.25	40 10.00	$ 25.40	$
Signal Plugs No. 1-A	30,720	663.50	* 135.00	661.00	
" " 2-A	9,000	200.70	* 75.00	204.00	
" " 3-A	720	13.75	* 5.00	21.00	
" " 4-A	800	12.40	* 6.00	24.00	
" " 5-A	17,600	283.50	* 137.50	310.00	
" " 6-A	17,600	301.50	* 135.00	323.04	
Subscriber Sets No. 42-F	13	39.45	* 20.00		
" " " 127-A	43	135.50	* 107.00		
" " " 132-A	80	117.00	207.75	* 249.25	
" " " 112-A	50	75.40	* 101.00		
" " " 113-F	68	173.40	* 203.00		
" " " 396-A	47	188.00	207.25		
" " " 395-A	1	5.50	* 6.99		
" " " 393-A	25	93.00	* 147.00		
" " " 393-A	200	777.00		* 1,013.95	
" " " 393-AA	2	26.00	29.25	* 48.75	
" " " 393-A	2	7.25	* 22.40	25.10	
" " " 113-A	130	163.50	* 1,299.25	1,215.70	
" " " 113-E	208	1,906.00	* 2,429.75	2,427.00	
" " " 117-AE	136	1,224.00	* 1,702.00	1,934.00	
" " " 117-AE	48	480.00	* 530.00	563.52	
" " " 396-A	110	528.00	480.00	* 615.00	
" " " 395-A	84	140.00	* 167.00	199.08	
" " " 393-C	11	64.25	* 76.67	91.08	
" " " 132-A	140	777.00	* 930.00	1,006.90	
" " " 132-F	4	23.00	* 24.00	26.30	
" " " 134-A	2,664	14,253.24	* 18,001.00	18,700.20	
" " " 134-F	18	243.00	* 215.20	286.93	
Switchboard No. 130-B (30 line)	3	821.27	975.70	* 933.10	
Switchboard Cable No. 79	130'	21.75	* 12.15	13.99	
" " " 116	135'	44.21		* 42.30	
" " " 6016	366'	177.36	* 182.44	216.01	
" " " 6080	844'	326.00	* 136.83	168.80	
" " " 6030	948'	72.21	* 82.23	72.28	
" " " 6070	131'	29.42	* 28.20	32.42	
" " " 6075	180'	25.05	* 13.02	20.04	
" " " 6079	3,885'	288.00	* 288.37	241.74	
" " " 6084	720'	272.25	* 210.00	302.74	
" " " 6116	1,015'	289.05	* 264.08	287.42	
" " " 6123	280'	29.65		* 37.20	
Transmitter Attachment No. 5-A	737	90.09	* 90.51	176.00	

	Total W. E. Price	Total Kellogg Price	Total Stromberg-Carlson Price	Total Cook Electric Price
Kellogg Total Cost and Comparable W.E. Cost	$130,668.91 100%	$154,912.80 119.07%	$	$
Per cent of W.E. Cost				
Stromberg-Carlson Total Cost and Comparable W.E. Cost	$109,444.03 100%		$144,883.41 134.79%	
Per cent of W.E. Cost				
Cook Total Cost and Comparable W.E. Cost	$ 13,483.93 100%			$10,653.84 130.47%
Per cent of W.E. Cost				
W.E. Total Cost and Lowest Competing Cost	$130,891.79 100%		*$177,694.23 117.78%	
Per cent of W.E. Total Cost				

* Lowest price of competing manufacturers.

No. 257 - Sheet 4.

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CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (TENNESSEE)

1921

Actual Prices Paid Western Electric Company, Incorporated for Silk and Cotton, and Wool Insulated Lead Covered Cable Under Standard Supply Contract

Versus

Prices of Competing Manufacturers on Same Classes of Material

Description (a)	Number of Feet Purchased (b)	Total W. E. Price (c)	Total Lowest Competing Manufacturers Price (d)
D- 50	142	$ 66.17	$ 170.76
E- 11	60	31.62	46.80
E- 16	30	27.84	40.41
E- 30	25	28.07	38.18
F- 16	500	98.99	127.70
F-100	430	395.91	626.49
F-200	115	217.87	313.56
F-300	100	304.62	390.80
G- 15	30	7.21	14.22
G- 25	1,800	516.86	661.08
G- 50	2,530	1,312.90	1,737.31
30 Pr., 19 ga., non duplex, D.S. and D.C.	55	36.85	62.10
50 Pr., 19 ga., non duplex, D.S. and D.C.	30	42.50	74.65
Total Cost		$3,087.41	$4,304.06
Per Cent of Western Electric Total Cost		100%	139.41%

No. 257 - Sheet 5.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY (TENNESSEE)

1921

Actual Prices Paid Western Electric Company, Incorporated, for Paper Insulated Lead Covered Cable Under Standard Supply Contract,

Versus

Prices of Competing Manufacturers on Same Classes of Material,

Description (a)	Number of Feet Purchased (b)	Total W. E. Price (c)	Total Lowest Competing Manufacturers Price (d)
M-1212	350	$ 523.15	$ 629.82
MA- 25	27,500	2,372.29	2,856.00
MA- 50	31,400	4,262.18	5,131.24
MA-100	7,600	1,867.27	2,248.00
MA-200	2,000	949.43	1,143.02
MA-400	800	561.34	675.80
MA-600	300	386.50	465.31
AMA-25	16,610	1,363.33	1,641.31
AMA-50	9,300	1,161.87	1,398.78
MH- 25	8,325	554.99	668.15
MH- 50	25,450	2,681.20	3,227.89
MH-100	8,850	1,586.12	1,909.53
MH-200	3,525	1,104.09	1,329.21
MH-400	573	334.23	402.38
SA-600	1,800	1,818.37	2,189.13
SA-900	1,125	1,613.42	1,942.40
ASA-400	700	469.70	565.47
TA- 15	850	78.51	94.52
TA-100	1,000	251.21	302.43
TA-200	500	247.91	298.46
TB- 50	10,700	2,526.12	3,041.20
TB-200	7,100	5,257.95	6,330.05
Total Cost		$ 31,971.18	$ 38,490.10
Per Cent of Western Electric Total Cost		100%	120.39%

No. 257 Sheet 6.

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EXHIBIT 14

STUDY OF COST OF TELEPHONE SUPPLIES

NEW ENGLAND TELEPHONE AND TELEGRAPH COMPANY.

1918.

Outline of Study

The attached study shows that during 1918 telephone apparatus and lead covered cable if purchased from manufacturers competing with the Western Electric Company would have cost the New England Telephone and Telegraph Company at least 14.86% more than the actual cost under the standard supply contract.

The study compares the prices paid by the New England Telephone and Telegraph Company during 1918 to the Western Electric Company for apparatus and lead covered cable with the prices charged for the same classes of material by other manufacturers. The Cook Electric Company, Zion City, Illinois, the Kellogg Switchboard and Supply Company, Chicago, Illinois, and the Stromberg-Carlson Telephone Manufacturing Company, Rochester, New York, are the principal manufacturers of telephone apparatus competing with the Western Electric Company. The principal competing manufacturers of lead covered cable are the American Electric Works, Phillipsdale, Rhode Island, and the Standard Underground Cable Company, Pittsburgh, Pennsylvania.

The total purchases from the Western Electric Company of telephone apparatus and lead covered cable made by the New England Telephone and Telegraph Company during 1918 amounted to $1,715,400. Of this amount $1,580,445 was for apparatus and $134,955 for lead covered cable.

Telephone Apparatus

Purchases of telephone apparatus which were comparable in detail with material manufactured by the competing firms amounted to $719,818 - 42% of the total purchases. The lowest price at which this apparatus could have been purchased from competing manufacturers is $901,465 which is $181,647 or 25.24% more than the actual cost. The freight from Zion City, Chicago and Rochester, the f.o.b. points of the competing firms, would have increased this difference by $15,764 as the Western Electric prices are f.o.b. the warehouses in the territory of the New England Telephone and Telegraph Company.

Purchases which were not compared amounted to $860,627 - 50.1% of the total purchases. Of this amount $559,747 covers central office switchboard labor, frame work, etc., and patented and special apparatus on which no adequate comparison could be made and the balance of $300,880 represents miscellaneous purchases which were not studied. It was assumed on these classes of material that the competing prices would have been the same as the actual cost. This is more than fair to the competing manufacturers for the study shows that on items on which adequate comparisons could be made the competing prices would have been 25.24% higher.

Under the standard supply contract the Western Electric Company agrees to do the purchasing and warehousing of Western Electric material without further expense to the New England Telephone and Telegraph Company. If this equipment had been bought from other firms the cost of these services would have been approximately 3-1/2% of the total purchases, thus increasing the cost of the material by $55,316.

Summarizing, we find that the cost of similar telephone apparatus purchased at the lowest prices of other manufacturers would have been $1,833,172 which is $252,727 or 15.99% more than the actual cost to the New England Telephone and Telegraph Company

Lead Covered Cable

Lead covered cable purchases amounted to $134,955 - 7.9% of the total purchases. These prices were f.o.b. the Hawthorne, Illinois, factory of the Western Electric Company. The lowest price at which this material could have been purchased from other manufacturers is $141,402 which is $6,447 or 4.78% more than the actual cost. This difference in price would be partly offset by lower freight rates from the competing factories that are located in the East. For these cable purchases the actual freight charge was $3,642 more than it would have been had the cable been purchased in the East. This reduces the difference in the cost of cable shown above to $2,805.

Summarizing the cable study we find that the cost of cable purchased from other manufacturers would have been $141,402 which is $2,805 or 2.08% more than the actual cost.

Summary

The study shows that telephone apparatus and lead covered cable if purchased from competing manufacturers would have cost the New England Telephone and Telegraph Company $1,974,574 which is $255,532 or 14.86% more than the actual amount paid the Western Electric Company.

No. 84, Sheet 1.

STUDY OF COST OF TELEPHONE SUPPLIES

NEW ENGLAND TELEPHONE AND TELEGRAPH COMPANY

1918

Actual Prices Paid Western Electric Company, Incorporated, Under Standard Supply Contract

versus

Lowest Prices of Competing Manufacturers on Same Classes of Material

(a)	Per Cent of Total Purchases (b)	Actual Prices Paid W. E. Co. (c)	Lowest Prices of Competing Manufacturers (d)	Saving Under Supply Contract	
				Amount (e)	Per Cent (f)
Telephone Apparatus					
Items Compared	42.0	$ 719,818	$ 901,465	$181,647	25.24
Freight			15,764	15,764	
*Items Not Compared . . .	50.1	860,627	860,627		
Warehousing on Total Purchases			55,316	55,316	
Total	92.1	$1,580,445	$1,833,172	$252,727	15.99
Lead Covered Cable					
Items Compared	7.9	$ 134,955	$ 141,402	$ 6,447	4.78
Freight		3,642		# 3,642	
Total	7.9	$ 138,597	$ 141,402	$ 2,805	2.02
Grand Total	100.	$1,719,042	$1,974,574	$255,532	14.86

*Includes central office switchboard labor, framework, etc., patented and special apparatus, miscellaneous purchases, etc. Competing price assumed to be the same as actual price.

#Indicates that cost under Standard Supply Contract is higher.

No. 84 Sheet 2.

STUDY OF COST OF TELEPHONE SWITCHES,

NEW ENGLAND TELEPHONE AND TELEGRAPH COMPANY.

1910.

Actual Prices Paid Western Electric Company, Incorporated, for Apparatus Under Standard Supply Contract

Terms

Prices of Competing Manufacturers on Some Classes of Material.

List of Purchases of Items on Which Comparisons Could be Made.

Material (a)	Amount Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Battery Box No. 1-A 3 cells	2,638	$ 3,479.35	$	@$ 3,888.00	$
Cable No. 16	21,379 ft.	4,230.34	* 4,809.28	3,911.78	
" " 24	221,389 "	26,268.30	* 33,243.75	29,674.64	
" " 82	13,717 "	3,697.16		* 3,897.86	
" " 98	62,616 "	20,813.95	* 27,478.08	20,171.39	
" " 84	186,221 "	30,722.27	* 33,452.74		
" " 118	20,130 "	4,[illegible].95	* 6,725.51	6,180.73	
" " 6079	57,783 "	7,728.38	7,933.80	* 7,471.37	
Condenser No. 21-D	6,788	4,548.50	6,260.00	* 5,513.78	
" " 21-E	11,386	8,522.00	10,728.20	* 10,089.04	
" " 28-A	2,201	3,796.00	* 4,884.72		
Cord No. 87 6'	6,944	2,837.48	* 3,223.08	2,971.20	
" " 92 3-1/2'	15,288	1,655.43	* 2,709.54	2,010.60	
" " 447 6'	35,173	14,384.83	* 17,493.87	12,725.64	
" " 448 6'	13,296	7,721.48	* 7,606.33	8,142.38	
" " 150 3-1/2'	19,115	7,188.81	* 7,827.90	11,955.67	
" " 140 20'	1,728	2,115.44	* 2,326.98		
" " 100 25'	10,117	13,280.18	* 17,136.19		
Cord Weights No. 118	12,647	2,888.20	* 4,433.43		
Cook Stand No. 98-A1	99,147	187,388.78	* 194,149.63	276,216.88	
Drops No. 18-A	1,170	1,287.00	* 2,246.00	2,540.30	
					* 4,836.10
Fuse No. 4-A 7 Amp.	30,211	4,080.89			
Jack No. 49 10 pair	3,230	2,027.00	3,201.00	* 2,910.00	
" " 92 10 "	12,140	5,765.88	* 5,884.00	6,078.00	
" " 93 10 "	20,913	8,536.80	* 8,966.00	9,408.50	
" " 92 20 "	173,520	36,104.00	* 35,588.40	68,732.00	
" " 141 20 "	6,040	2,464.00		* 3,624.00	
" " 140 20 "	3,916	1,718.25	* 2,349.60	2,526.40	
Keys No. 69-A	2,842	1,814.50	* 1,734.50	1,734.50	
" " 69A-A	1,120	4,089.20		* 3,798.80	
" " A-1-A	370	1,388.80		* 2,775.00	
" " A-1-AY	252	1,548.80		* 4,564.00	
" " B-1-B	432	1,796.00		* 2,420.00	
Type Loop No. 2	60,562	19,305.27	16,838.24	* 13,929.24	
Loop Cord No. 2-AY	38,747	2,712.29	* 3,291.70	3,812.65	
Loop Sockets No. 12 10 pair	7,212	3,029.26	* 3,894.80	3,894.80	
" " " 12 20 "	8,920	1,736.80	* 2,132.70	2,132.00	
Mouthpieces No. 2001	95,327	3,998.06	* 5,721.12		
Plugs No. 61	1,729	1,541.73		* 1,729.00	
" " 109	5,143	3,697.08	5,183.00	* 4,277.41	
" " 110	2,982	1,986.40	2,982.00	* 2,758.35	
" " 127	998	1,047.90	* 1,171.64	1,998.00	
Protectors No. 58-A	34,615	15,576.80			* 16,615.22
Protector Blocks No. 1	132,435	2,143.61		* 1,561.06	
" " " 2	91,000	1,592.67			* 1,144.33
Relay No. 99-B	887	1,127.15	* 998.35		
" " 108-B	329	1,217.30	* 930.44		
" " 114-AX	1,897	1,746.23		* 1,982.13	
" " 123-AY	871	1,726.78	* 1,924.91		
" " 149-B	748	1,344.68	* 1,517.00		
" " 165-B	431	1,397.23		* 2,808.35	
" " 189-B	1,539	1,014.31	* 2,977.69		
" " 194-A	448	2,189.46	* 1,092.70		
" " 201-A) 202-A)	1,114	1,210.45	* 2,295.70		
" " A-1	10,873	10,089.10	* 13,925.06		
" " A-2	10,825	7,812.50	* 10,478.50		
" " B-1	5,745	5,906.61	* 6,936.58		
" " B-2	1,307	1,722.45	* 2,721.90		
" " B-3	1,067	1,058.90	* 1,833.81		
" " B-314	1,030	1,408.65	* 2,964.00		
Repeating Coils No. 23-A	2,449	19,602.00		* 24,143.00	
" " " 46-A	617	4,316.00		* 4,316.00	
Retardation Coils No. 8-B	1,619	4,452.23		* 5,019.80	
" " " 8-C	918	2,167.12		* 2,983.50	
" " " 46-D	184	1,581.40		* 1,309.00	
Sub. Sets No. 43-F	748	1,752.82		* 1,889.00	
" " " 300-E Cbt	1,146	8,365.80		* 10,060.42	
" " " 313-A	883	3,906.40		* 4,217.65	
" " " 313-B	2,207	10,605.05		* 11,250.75	
" " " 317-B	384	2,478.89		* 2,783.99	
" " " 317-AR	408	2,893.40		* 3,718.50	
" " " 334-A	2,069	8,748.30		* 10,153.35	
" " " 337-A	643	1,882.71		* 2,718.70	
" " " 334-A	19,944	41,886.40		* 48,628.83	
Switchboard No. 150-B 20 line	142	24,502.63	44,388.47	* 43,294.11	
" " 150-B 60 "	24	12,849.49	15,414.32	* 14,848.18	
" " 4 220 "	79	28,509.46	* 34,747.11		
Terminal Strips No. 411-15-F-30	1,898	1,711.00	2,918.54	* 2,918.54	* 3,131.09
Kellogg Total and Comparable W.E. Total		$535,146.11	$423,444.38		
Per cent of W.E. Total		100.	120.00		
Stromberg-Carlson Total and Comparable W.E. Total		$573,113.99		$509,962.69	
Per cent of W.E. Total		100.		141.56	
Cook Total and Comparable W.E. Total		$ 21,410.30			25,730.41
Per cent of W.E. Total		100.			120.20
Lowest Competing Price Total and Comparable W.E. Total		$719,618.32		$501,485.31	
Per cent of W.E. Total		100.		139.83	

* Lowest prices of competing manufacturers.

No. 84 Sheet No. 9.

EXHIBIT 15

STUDY OF COST OF TELEPHONE SUPPLIES,

SOUTHWESTERN BELL TELEPHONE COMPANY.

1919.

Outline of Study

The attached study shows that during 1919 telephone apparatus and lead covered cable if purchased from manufacturers competing with the Western Electric Company would have cost the Southwestern Bell Telephone Company at least 14.9% more than the actual cost under the standard supply contract.

The study compares the prices paid by the Southwestern Bell Telephone Company during 1919 to the Western Electric Company for apparatus and lead covered cable with the prices charged for the same classes of material by other manufacturers. The Cook Electric Company, Zion City, Illinois, the Kellogg Switchboard and Supply Company, Chicago, Illinois, and the Stromberg-Carlson Telephone Manufacturing Company, Rochester, N. Y., are the principal manufacturers of telephone apparatus competing with the Western Electric Company. The principal competing manufacturers of lead covered cable are the American Electric Works, Philipsdale, Rhode Island, and The Standard Underground Cable Company, Pittsburgh, Pennsylvania.

The total purchases from the Western Electric Company of telephone apparatus and lead covered cable made by the Southwestern Bell Telephone Company during 1919 amounted to $2,628,967. Of this amount $2,197,194 was for apparatus and $431,773 for lead covered cable.

Telephone Apparatus

Purchases of telephone apparatus which were comparable in detail with material manufactured by the competing firms amounted to $801,742 - 30.5% of the total purchases. The lowest price at which this apparatus could have been purchased from competing manufacturers is $1,049,746 which is $248,004 or 30.9% more than the actual cost. The freight from Zion City, Chicago and Rochester, the f.o.b. points of the competing firms, would have increased this difference by $13,184 as the Western Electric prices are f.o.b. the warehouses in the territory of the Southwestern Bell Telephone Company.

Purchases of central office switchboard labor, framework, etc., and patented devices on which no adequate comparison could be made amounted to $948,156 - 36.1% of the total purchases. Small purchases of miscellaneous items which were not studied amounted to $447,296 - 17% of the total purchases. It was assumed on these classes of material that the competing prices would have been the same as the actual cost. This is more than fair to the competing manufacturers for the study shows that on items on which adequate comparisons could be made the competing prices would have been 30.9% higher.

Under the standard supply contract the Western Electric Company agrees to do the purchasing and warehousing of Western Electric material without further expense to the Southwestern Bell Telephone Company. If this equipment had been bought from other firms the cost of these services would have been approximately 4% of the total purchases thus increasing the cost of the material by $87,888.

Summarizing, we find that the cost of similar telephone apparatus purchased at the lowest prices of other manufacturers would have been $2,546,270 which is $349,076 or 15.9% more than the actual cost to Southwestern Bell Telephone Company.

Lead Covered Cable

Lead covered cable purchases amounted to $431,773 - 16.4% of the total purchases. These prices were f.o.b. the Hawthorne, Illinois, factory of the Western Electric Company. The lowest price at which this material could have been purchased from other manufacturers is $460,763 which is $28,990 or 6.7% more than the actual cost. This difference in cost would have been increased by higher freight rates to the territory of the Southwestern Bell Telephone Company from the factories of the competing manufacturers that are located in the East. For these cable purchases this freight would have amounted to $14,180 more than the actual freight charge from Hawthorne.

Summarizing the cable study we find that the cost of cable purchased from other manufacturers would have been $474,943 which is $43,170 or 10% more than the actual cost.

Summary

The study shows that telephone apparatus and lead covered cable if purchased from competing manufacturers would have cost the Southwestern Bell Telephone Company $3,021,213 which is $392,246 or 14.9% more than the actual amount paid the Western Electric Company.

No. 230 Sheet 1.

STUDY OF COST OF TELEPHONE SUPPLIES

SOUTHWESTERN BELL TELEPHONE COMPANY

1919

Actual Prices Paid Western Electric Company, Incorporated, Under Standard Supply Contract

versus

Lowest Prices of Competing Manufacturers on Same Classes of Material.

(a)	Per Cent of Total Purchases (b)	Actual Prices Paid W. E. Co. (c)	Lowest Prices of Competing Manufacturers (d)	Saving Under Supply Contract	
				Amount (e)	Per Cent (f)
Telephone Apparatus					
Items Compared	30.5	$ 801,742	$1,049,746	$248,004	30.9
Freight			13,184	13,184	
*Items Not Compared	53.1	1,395,452	1,395,452		
Warehousing on Total Purchases			87,888	87,888	
Total	83.6	$2,197,194	$2,546,270	$349,076	15.9
Lead Covered Cable					
Items Compared	16.4	$ 431,773	$ 460,763	$ 28,990	6.7
Freight			14,180	14,180	
Total	16.4	$ 431,773	$ 474,943	$ 43,170	10.0
Grand Total	100.	$2,628,967	$3,021,213	$392,246	14.9

*Includes central office switchboard labor, framework, etc., patented and special apparatus, miscellaneous purchases, etc. Competing price assumed to be the same as actual price.

No. 230 Sheet 2.

STUDY OF COST OF TELEPHONE OUTFITS.

SOUTHWESTERN BELL TELEPHONE COMPANY.

1919.

Actual Prices Paid Western Electric Company, Incorporated, for Apparatus Under Standard Supply Contract

Versus

Prices of Competing Manufacturers on Same Classes of Material.

List of Purchases of Items on Which Comparisons Could be Made.

Material (a)	Amount Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Cable No. 14	12,867 ft.	$ 2,570.74	*$ 2,444.80	$ 2,569.07	$
" " 28	10,776 "	2,154.41	* 2,027.07	2,255.68	
" " 49	10,230 "	2,045.26	* 1,884.85		
" " 88	73,763 "	13,731.07	* 11,997.07		
" " 1111	33,817 "	3,382.73		* 4,728.41	
" " 1111	23,215 "	2,317.26	2,074.73	* 4,227.71	
" " 1111	19,223 "	1,921.93	2,722.82	* 4,033.43	
" " 1111	18,223 "	1,821.26	* 1,822.26		
" " 1111	37,973 "	3,797.73	7,222.84	* 4,227.84	
" " 1111	37,973 "	3,797.73	* 4,779.24		
" " 1111	37,973 "	3,797.73	* 4,729.82	3,164.17	
" " 1111	37,973 "	3,797.73	* 4,227.84	3,164.17	
Cable Terminals No. 14-2		3,161.00			* 3,669.12
" " " 14-4		6,321.79			* 6,444.48
" " " 14-8	667	6,321.00			* 6,131.76
Cable Terminals with Stubs No. 14-2		3,160.00			* 3,053.00
" " " " 14-4		6,321.00			*62,188.72
" " " " 14-8		62,116.00			* 3,050.56
Condensers No. 11-2		3,276.00			
" " 21-2	2,000	6,827.00	6,772.35	* 6,113.66	
" " 21-4	2,000	9,586.74	11,742.15	* 11,149.30	
" " 21-6	1,000	1,960.10	2,230.64	* 1,811.54	
" " 12-1	1,000	1,960.10	2,111.45	* 1,976.46	
Coil No. 19 19"	19,000	3,801.11	* 3,609.97		
" " 19 1"	7,000	1,101.00	* 1,138.14	6,443.66	
" " 19 1-1/2"	19,000	3,800.00	* 4,179.97	6,115.05	
" " 111 19 "	37,973	7,594.62	10,701.22	* 11,016.37	
" " 111 19 "	37,973	7,594.62	10,701.22	* 8,901.60	
" " 111 19 "	37,973	7,594.62	* 12,222.21		
" " 111 19 "	37,973	7,594.62	* 12,222.21	10,272.00	
Cord Weights No. 115	13,000	2,600.00		* 4,019.45	
Desk Stands No. 50-A	48,788	29,727.16	*100,671.96	144,983.61	
Fuse No. 7-1 7 Amp.	102,000	1,007.00			* 1,078.84
" " 11-1 7 "	34,000	6,802.10			* 3,324.35
Generators No. 23-1	173	692.00	* 666.00	703.00	
" " 23-2	173	692.00	* 138.00	161.03	
Desk No. 49 20 cd	22,000	3,960.00	* 7,000.00	5,264.00	
" " 49 20 "	17,000	3,060.00	3,750.00	* 5,000.00	
" " 111 20 "	37,973	6,835.14	8,367.00	* 7,000.00	
" " 111 20 "	37,973	6,835.14	* 77,397.67	85,273.00	
Ringers No. 1	37,973	6,835.14	14,222.00	* 12,000.00	
Keys No. 43-A	17,000	3,060.00	* 1,979.00	2,000.00	
" " 43-B	17,000	3,060.00		* 3,163.00	
" " 43-BM	17,000	3,060.00		* 3,000.00	
Type Lamp No. 2	44,000	14,080.00	* 10,000.00	13,972.30	
Type Lamp Cord No. 2	11,000	2,090.00	* 2,304.00	2,180.73	
Lamp Socket No. 111 20 cd	37,973	6,835.14	* 6,722.00	* 5,000.00	
" " 111 20 "	37,973	6,835.14	6,722.00	* 5,000.00	
" " 111 Single	37,973	6,835.14	* 6,979.00	12,000.00	
" " 111 Type	37,973	6,835.14	* 7,227.00	6,222.30	
Mouthpiece No. 2AM	37,973	680.26	834.30	817.00	
Plug No. 47-A	2,379	880.06	* 1,784.05	1,784.05	
" " 133	278,333	50,033.73	* 38,333.00	50,000.00	
" " 135	278,333	50,033.73	* 39,333.00	50,333.00	
" " 137	278,333	50,033.73	* 39,333.00	50,333.00	
" " 139	2,000	2,000.00	2,000.00	* 2,000.00	
Protector No. 12-A	2,000	7,000.00			* 8,971.00
" " 100-A	20,000	20,000.00			*20,977.00
" " 100-B	20,000	3,622.16			* 3,104.10
" " 78-A	1,000	1,000.00			* 970.00
" " 2077-A 101 pair	13,000	13,000.00			*13,100.00
" " 1126-A	11,000	9,630.75			*13,144.06
" " 1126-B	2,000	1,000.00			* 2,000.00
" " 1126-C	2,000	1,000.00			* 2,000.00
Protector Blocks No. 2	11,000	337.00			* 102.00
Protector Shoes No. 2	200,000	2,000.00			* 1,000.00
Relays No. A- 1	22,000	21,000.00	* 20,000.00	17,000.00	
" " A- 2	10,000	10,000.00	* 12,000.00	12,000.00	
" " A-20	1,000	1,000.00	* 2,000.00		
" " B- 1	1,000	2,000.00	* 1,727.00		
" " 114-AK	1,000	2,000.00	* 2,000.00		
" " 120-AK	744	1,000.00	* 1,000.00		
Repeating Coils No. 23-A	773	2,000.00	7,000.00	* 4,000.00	
" " 66-A	100	2,000.00	* 2,000.00	* 1,000.00	
Retardation Coils No. 8-B	200	816.00		* 800.00	
Sub. Sets No. 111-B	1,000	8,000.00	13,000.00	* 10,000.00	
" " 119-AB	197	2,000.00	2,000.00	* 2,000.00	
" " 117-B	100	1,000.00	* 1,000.00	1,000.00	
" " 119-F	698	6,000.00	* 5,000.00	5,000.00	
" " 117-A	788	7,000.00	* 5,000.00	5,000.00	
" " 200-A	693	2,000.00	* 2,000.00	2,000.00	
" " 100-A	1,000	10,000.00	* 10,000.00	17,000.00	
" " 120-A	50,000	101,000.00	100,000.00	*110,000.00	
Cordless Switchboard No. 100-B	197	19,000.00	* 20,000.00	20,000.00	
Switchboard No. 100-B 20 line	116	20,000.00	* 16,000.00	20,000.00	
" " 100-B 40 "	36	10,000.00	* 13,000.00	14,000.00	
Terminal Strips No. 24	1,000	1,000.00	* 1,000.00	1,000.00	
" " 48	1,000	1,000.00	* 1,000.00		
Kellogg Total and Comparable W.E. Total		$670,000.00	$000,000.00		
Per cent of W.E. Total		100.	127.00		
Stromberg-Carlson Total and Comparable W.E. Total		$000,000.00		$000,000.00	
Per cent of W.E. Total		100.		144.00	
Cook Total and Comparable W.E. Total		$000,000.00			$000,000.00
Per cent of W.E. Total		100.			130.00
Lowest Competing Price Total and Comparable W.E. Total		$000,000.00		*$1,000,000.00	
Per cent of W.E. Total		100.		130.00	

* Lowest prices of competing manufacturers.

No. 210 Sheet No. 3

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EXHIBIT 1

STUDY OF COST OF TELEPHONE SUPPLIES

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY - DISTRICT OF COLUMBIA..

1920.

Outline of Study

The attached study shows that during 1920 telephone apparatus and lead covered cable if purchased from manufacturers competing with the Western Electric Company would have cost The Chesapeake and Potomac Telephone Company (District of Columbia) at least 16.6% more than the actual cost under the Standard Supply Contract.

The study compares the prices paid by The Chesapeake and Potomac Telephone Company during 1920 to the Western Electric Company for apparatus and lead covered cable with the prices charged for the same class of material by other manufacturers. The Cook Electric Company, Zion City, Illinois, the Kellogg Switchboard and Supply Company, Chicago, Illinois, and the Stromberg-Carlson Telephone Manufacturing Company, Rochester, New York are the principal manufacturers of telephone apparatus competing with the Western Electric Company. The principal competing manufacturers of lead covered cable are the American Electric Works, Phillipsdale, Rhode Island, and the Standard Underground Cable Company, Pittsburgh, Pennsylvania.

The total purchases from the Western Electric Company of telephone apparatus and lead covered cable made by The Chesapeake and Potomac Telephone Company (District of Columbia) during 1920 amounted to $496,359. Of this amount $360,584 was for apparatus and $137,775 for lead covered cable.

Telephone Apparatus

Purchases of telephone apparatus which were comparable in detail with material manufactured by the competing firms amounted to $247,557 - 49.7% of the total purchases. The lowest price at which this apparatus could have been purchased from competing manufacturers is $309,044 which is $61,487 or 24.84% more than the actual cost. The freight from Zion City, Chicago and Rochester, the f.o.b. points of the competing firms, would have increased this difference by $2,165 as the Western Electric prices are f.o.b. the warehouses in The Chesapeake and Potomac territory.

Purchases on which no adequate comparison could be made amounted to $113,027 - 22.7% of the total purchases. This amount includes Central Office switchboard labor, frameworks, etc., patented devices, special apparatus and miscellaneous purchases. It was assumed on this class of material that the competing price would have been the same as the actual cost. This is more than fair to the competing manufacturers for the study shows that on items on which adequate comparisons could be made the competing price would have been 24.84% higher.

Under the Standard Supply Contract the Western Electric Company agrees to do the purchasing and warehousing of Western Electric material without further expense to The Chesapeake and Potomac Telephone Company. If this equipment had been bought from other firms the cost of these services would have been approximately 4% of the total purchases, thus increasing the cost of the material by $14,423.

Summarizing, we find that the cost of similar apparatus purchased at the lowest prices of other manufacturers would have been $438,658 which is $78,074 or 21.65% more than the actual cost to The Chesapeake and Potomac Telephone Company.

Lead Covered Cable

Lead covered cable purchases which could be compared with cable manufactured by other firms amounted to $81,761 - 16.3% of the total purchases. These prices were f.o.b. the Hawthorne, Illinois, factory of the Western Electric Company. The lowest price at which this material could have been purchased from other manufacturers is $87,246 which is $5,985 or 7.37% more than the actual cost. This difference in price would be partly offset by lower freight rates from the competing factories that are located in the East. For these cable purchases the actual freight charge was $1,199 more than it would have been had the cable been purchased in the East. This reduces the difference in the cost of cable shown above to $4,786.

On purchases amounting to $56,514 - 11.3% of the total purchases no comparison could be made with cable manufactured by other firms. It was assumed that the cost of the competing material would have been the same as the actual cost. This is fair as the difference in the cost of cable which could be compared amounted to 7.37%.

Summarizing the cable study we find that the cost of cable purchased from other manufacturers would have been $143,760 which is $4,786 or 3.44% more than the actual cost.

Summary

These studies show that telephone apparatus and lead covered cable if purchased from competing manufacturers would have cost The Chesapeake and Potomac Telephone Company (District of Columbia) $582,418 which is $82,060 or 16.6% more than the actual amount paid the Western Electric Company.

No. 231, Sheet 1.

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STUDY OF COST OF TELEPHONE SUPPLIES

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY - DISTRICT OF COLUMBIA

1920

Actual Prices Paid Western Electric Company, Incorporated,
Under Standard Supply Contract

versus

Lowest Prices of Competing Manufacturers on Same Classes of Material.

(a)	Per Cent of Total Purchases (b)	Actual Prices Paid W. E. Co. (c)	Lowest Prices of Competing Manufacturers (d)	Saving Under Supply Contract	
				Amount (e)	Per Cent (f)
Telephone Apparatus -					
Items Compared	49.7	$ 247,557	$ 309,044	$ 61,487	24.84
Freight			2,164	2,164	
*Items Not Compared . . .	22.7	113,027	113,027		
Warehousing on Total Purchases			14,423	14,423	
Total	72.4	$ 360,584	$ 438,658	$ 78,074	21.65
Lead Covered Cable					
Items Compared	16.3	$ 81,261	$ 87,246	$ 5,985	7.37
Freight		1,199		# 1,199	
ϕItems Not Compared . . .	11.3	56,514	56,514		
Total	27.6	$ 138,974	$ 143,760	$ 4,786	3.44
Grand Total	100.	$ 499,558	$ 582,418	$ 82,860	16.59

*Includes central office switchboard labor, framework, etc., patented and special apparatus, miscellaneous purchases, etc. Competing price assumed to be the same as actual price.

ϕIncludes cable not obtainable from other manufacturers. Competing price assumed to be the same as actual price.

#Indicates that cost under Standard Supply Contract is higher.

No. 231 Sheet 2.

PRICE OF COST OF TELEPHONE EQUIPMENT,

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY - DISTRICT OF COLUMBIA,

1930.

Actual Prices Paid Western Electric Company, Incorporated, for Apparatus Under Standard Supply Contract

Terms

Prices of Competing Manufacturers on Same Classes of Material.

List of Purchases of Items on Which Comparisons Could be Made.

Material (a)	Amount Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cost Electric Price (f)
Cable Distributing Bd. 24	225	$ 25.65	$ 24.30	$ 26.30	$
" " " 26	3,132	461.65	-	$ 1,230.36	
" " " 28	120	21.60	$ 20.40	-	
" " " 66	693	140.44	$ 126.15	-	
" " " 72	6	30.60	30.32	-	
" " " 75	300	60.30	$ 54.06	68.04	
" " " 135	1,111	262.60	-	$ 291.78	
" " " 2016	5,322	1,040.10	$ 1,022.72	1,170.27	
" " " 2024	2,245	280.65	$ 265.12	702.61	
" " " 4050	3,021	702.98	$ 1,020.16	-	
" " " 4075	1,710	268.72	$ 241.36	251.73	
Cable Terminals Bd. 2-B	300	58.50	$ 52.50	74.30	
" " " 1-A-B	25	124.80			$ 118.37
" " " 1-A-C	225	1,246.65			$ 2,274.39
" " " 1-A-D	227	2,501.00			$ 2,481.35
" " " 1-A-E	226	2,506.46			$ 2,415.55
Condensers Bd. D-1	201	769.02	$ 642.80	430.80	
" " " 21-D	199	213.90	$ 208.85	229.25	
" " " 21-E	1,379	2,247.80	$ 2,736.03	4,725.26	
" " " 21-EE	145	95.15	$ 121.16	121.16	
" " " 22-A	2	.90	$ 1.74	1.74	
" " " 22-F	648	1,099.35	$ 1,472.00	1,472.00	
Cords Bd. 10	1	1.22	$ .90	.85	
" " 97 (6')	44	54.56	$ 38.28	21.12	
" " 98 "	2,542	2,272.14	$ 2,000.16	2,520.92	
" " 234 (6')	1,000	829.90	$ 880.80	315.00	
" " 237 (6')	424	366.94	427.19	$ 355.15	
" " 467 (6')	17	23.16	$ 21.96	24.10	
" " 467 (6-1/2')	100	10.00	$ 24.00	28.02	
" " 468 (6-1/2')	14,597	11,134.09	$ 12,620.32	12,242.12	
" " 469 (7-1/2')	9,201	8,217.16	$ 8,114.61	8,975.62	
" " 470	13,114	3,437.25	$ 4,063.56	4,104.00	
" " 520	12,177	7,620.29	$ 8,231.65	9,253.16	
Cord Weights Bd. 110	1,712	284.35	199.80	199.80	
Desk Stands Bd. D-48	209,722	120.00	$ 110,221.91	125,722.32	
Drops Bd. 19-A	20	10.00	$ 12.70	24.00	
Fuses No. 7-1(7A)	4,000	640.00			$ 445.25
" " 7-2(7A)	1,230	98.40			$ 105.32
" " 11-C(7A)	4,000	560.00			$ 261.00
Generators Bd. 20-A	9	31.50	$ 25.65	24.66	
" " 20-A	28	135.72	$ 164.92	171.08	
Jacks No. 49-.140 (10)	650	130.00	232.72	$ 220.00	
" " 49-.116 (20)	24,222	6,661.30	$ 8,832.72	9,222.72	
" " 91 (20)	1,100	319.00	$ 352.20	264.00	
" " 93 (10)	180	72.72	73.80	$ 81.00	
" " 161 (20)	1,200	708.20	947.20	$ 816.00	
" " 180	304	121.60	-	$ 106.00	
Keys No. A-1-A	2	14.05	-	$ 24.22	
" " A-1-AY	60	144.60	-	$ 208.44	
" " B-A	28	12.32	$ 22.54	-	
Lamps No. 347	2,226	444.97	1,221.27	$ 1,224.60	
" " 348	2,274	702.60	1,228.82	$ 252.96	
" " 349	1,000	220.00	$ 210.00	-	
" " 349	1,221	419.24	$ 224.32	-	
" " 349 (12 V.)	1,720	420.80	227.12	$ 224.32	
Lamp Caps No. 2-1	2,220	667.60	1,220.40	$ 1,220.32	
" " 2-2	225	90.25	$ 120.72	120.72	
" " 2-3	1,225	252.00	$ 221.15	227.72	
" " 2-4	1,720	414.05	$ 221.32	224.72	
" " 2-5	2,242	420.14	$ 727.72	727.32	
Lamp Sockets No. 10 (10 per.)	2,220	272.50	$ 224.42	220.32	
" " 12 (20 per.)	1,220	224.32	$ 220.00	220.00	
" " 15	220	224.40	$ 227.20	227.20	
Plugs No. 67	1,222	224.27	$ 210.22	210.32	
" " 105	225	224.12	272.22	$ 277.20	
" " 150	12,272	12,220.02	12,120.07	$ 17,227.20	
" " 197	12,220	2,220.02	12,221.27	$ 12,210.20	
Reel Cells No. 67	2,220	2,212.20	2,272.12	$ 2,722.22	
" " " 72-C	2,222	222.02			$ 220.12
Receptacles No. 2221 (C)	2,222	222.04			$ 272.12
" " 2220 (Desk B.B.)	21,220	1,212.02	$ 2,220.02	2,220.02	
Protectors No. 12-1	220	220.02	$ 222.02	222.02	
" " 12-2	220	224.02			$ 272.12
" " 12-27	1,222	1,227.02			$ 1,222.72
" " 1120-1	222	222.22			$ 222.22
" " 1120-2 (22 per.)	222	222.72			$ 222.22
Protector Blocks No. 1	221	22.22			$ 222.22
" " " 2	12,224	220.12			$ 222.72
" " " 22	12,222	22.22			$ 222.22
Protector Mixe No. 2	1,222	22.22			$ 222.22
" " " 9	12,222	222.12			$ 222.22
" " " 10	2,222	22.22			$ 222.22
" " " 11	1,222	22.22			$ 222.22
" " " 12	2,222	222.22			$ 222.22
Relays No. 114-AZ	222	222.22	$ 1,222.22		
" " 122-AY	227	277.22	$ 1,222.22		
" " B-1	224	1,222.22	$ 2,222.22	2,222.22	
" " B-2	222	222.22	$ 2,222.22	2,222.22	
Retardation Coils No. B-2	222	222.22	$ 222.22	$ 222.22	
" " " B-3	222	222.22		$ 222.22	
Ringers No. B-A	22	22.22	$ 22.22	$ 222.22	
" " 22-B	22	22.22	$ 22.22	22.22	
Repeating Coils No. 22-1	22	22.22	$ 22.22	22.22	
" " 68-A	22	222.22	$ 222.22	$ 222.22	
Sub-Sets No. 122-A	22	222.22	$ 222.22	222.22	
" " 122-A	222	222.22	$ 222.22	222.22	
" " 212-E	1,222	22.22	$ 22.22	22.22	
" " 22-J	22	22.22	$ 22.22	22.22	
" " 222-C	22	22.22	$ 22.22	22.22	
" " 22-D	222	222.22	$ 222.22	222.22	
Terminal Strips No. 22	222	222.22	$ 222.22	222.22	
Switchboards No. 22-D	222	222.22	$ 222.22	222.22	
" " 222-D (22L)	222	222.22	$ 222.22	222.22	
" " 222-D (22L)	222	222.22	$ 222.22	222.22	
Kellogg Total and Comparable W.E. Total		$222,222.22	$222,222.22		
Per cent of W.E. Total		222.	222.		
Stromberg-Carlson and Comparable W.E. Total		$222,222.22		$222,222.22	
Per cent of W.E. Total		222.		222.	
Cost Total and Comparable W.E. Total		$ 22,222.22			$22,222.22
Per cent of W.E. Total		222.			222.
Lowest Competing Price Total and Comparable W.E.Total		$222,222.22		$222,222.22	
Per cent of W.E. Total		222.		222.	

* Lowest price of competing manufacturers.

No. 222 Sheet No. 2.

EXHIBIT 17

STUDY OF COST OF TELAPHONE SUPPLIES

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY - STATE OF MARYLAND

1920.

Outline of Study

The attached study shows that during 1920 telephone apparatus and lead covered cable if purchased from manufacturers competing with the Western Electric Company would have cost The Chesapeake and Potomac Telephone Company (State of Maryland) at least 14% more than the actual cost under the standard supply contract.

The study compares the prices paid by The Chesapeake and Potomac Telephone Company during 1920 to the Western Electric Company for apparatus and lead covered cable with the prices charged for the same classes of material by other manufacturers. The Cook Electric Company, Zion City, Illinois, the Kellogg Switchboard and Supply Company, Chicago, Illinois, and the Stromberg-Carlson Telephone Manufacturing Company, Rochester, N. Y., are the principal manufacturers of telephone apparatus competing with the Western Electric Company. The principal competing manufacturers of lead covered cable are the American Electric Works, Phillipsdale, Rhode Island, and the Standard Underground Cable Company, Pittsburgh, Pennsylvania.

The total purchases from the Western Electric Company of telephone apparatus and lead covered cable made by The Chesapeake and Potomac Telephone Company (State of Maryland) during 1920 amounted to $722,935. Of this amount $582,579 was for apparatus and $140,356 for lead covered cable.

Telephone Apparatus

Purchases of telephone apparatus which were comparable in detail with material manufactured by the competing firms amounted to $200,030 - 27.7% of the total purchases. The lowest price at which this apparatus could have been purchased from competing manufacturers is $272,273 which is $72,243 or 36% more than the actual cost. The freight from Zion City, Chicago and Rochester, the f.o.b. points of the competing firms, would have increased this difference by $3,495 as the Western Electric prices are f.o.b. the warehouses in the Chesapeake and Potomac territory.

Purchases on which no adequate comparison could be made amounted to $382,549 - 52.9% of the total purchases. Of this amount $242,058 was for switchboard sales including frameworks, installation charges, etc., and the balance for patented and special apparatus and miscellaneous purchases. It was assumed on this class of material that the competing prices would have been the same as the actual cost. This is more than fair to the competing manufacturers for the study shows that on items on which adequate comparisons could be made the competing prices would have been 36% higher.

Under the standard supply contract the Western Electric Company agrees to do the purchasing and warehousing of Western Electric material without further expense to The Chesapeake and Potomac Telephone Company. If this equipment had been bought from other firms, the cost of these services would have been approximately 4% of the total purchases, thus increasing the cost of the material by $23,303.

Summarizing, we find that the cost of similar telephone apparatus purchased at the lowest prices of other manufacturers would have been $681,620 which is $99,041 or 17% more than the actual cost to The Chesapeake and Potomac Telephone Company.

Lead Covered Cable

Lead covered cable purchases which could be compared with the cable manufactured by other firms amounted to $71,009 - 9.8% of the total purchases. These prices were f.o.b. the Hawthorne, Illinois, factory of the Western Electric Company. The lowest prices at which this material could have been purchased from other manufacturers is $77,054 which is $6,045 or 8.5% more than the actual cost. This difference in price would be partly offset by lower freight rates from the competing factories that are located in the East. For these cable purchases the actual freight charge was $725 more than it would have been had the cable been purchased in the East. This reduces the difference in the cost of the cable shown above to $5,320.

On purchases amounting to $69,347 - 9.6% of the total purchases no comparison could be made with cable manufactured by other firms. It was assumed that the cost of the competing material would have been the same as the actual cost. This is fair as the difference in cost of cable that could be compared amounted to 8.5%.

Summarizing the cable study we find that the cost of cable purchased from other manufacturers would have been $146,401 which is $5,320 or 3.77% more than the actual cost.

Summary

The study shows that telephone apparatus and lead covered cable if purchased from competing manufacturers would have cost The Chesapeake and Potomac Telephone Company (State of Maryland) $828,021 which is $104,361 or 14.42% more than the actual amount paid the Western Electric Company.

No. 229, Sheet 1.

STUDY OF COST OF TELEPHONE SUPPLIES

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY - STATE OF MARYLAND

1920

Actual Prices Paid Western Electric Company, Incorporated,
Under Standard Supply Contract

versus

Lowest Prices of Competing Manufacturers On Same Classes of Material

(a)	Per Cent of Total Purchases (b)	Actual Prices Paid W. E. Co. (c)	Lowest Prices of Competing Manufacturers (d)	Saving Under Supply Contract	
				Amount (e)	Per Cent (f)
Telephone Apparatus -					
Items Compared	27.7	$ 200,030	$ 272,273	$ 72,243	36.12
Freight			3,495	3,495	
*Items Not Compared . . .	52.9	382,549	382,549		
Warehousing on Total Purchases			23,303	23,303	
Total	80.6	$ 582,579	$ 681,620	$ 99,041	17.00
Lead Covered Cable					
Items Compared	9.8	$ 71,009	$ 77,054	$ 6,045	8.51
Freight		725		# 725	
℘Items Not Compared . . .	9.6	69,347	69,347		
Total	19.4	$ 141,081	$ 146,401	$ 5,320	3.77
Grand Total	100.	$ 723,660	$ 828,021	$104,361	14.42

*Includes central office switchboard labor, framework, etc., patented and special apparatus, miscellaneous purchases, etc. Competing price assumed to be the same as actual price.

℘Includes cable not obtainable from other manufacturers. Competing price assumed to be the same as actual price.

#Indicates that cost under Standard Supply Contract is higher.

No. 229 Sheet 2.

STUDY OF COST OF TELEPHONE EQUIPMENT

THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY - STATE OF MARYLAND

1938

Actual Prices Paid Western Electric Co. Inc., Incorporated for Apparatus Under Standard Supply Contract Terms

Prices of Competing Manufacturers on Same Classes of Material.

List of Purchases of Items on Which Comparisons Could be Made.

Material (a)	Amount Purchased (b)	Total W. E. Price (c)	Total Kellogg Price (d)	Total Stromberg-Carlson Price (e)	Total Cook Electric Price (f)
Cable Switchboard No. 25	600	$ 129.60	$ 161.92	$ 228.08	$
" " " 25	700	201.60		* 204.08	
" " " 25	8	1.88	* 1.88		
" " " 0816	2,688	542.10	* 688.48	1,200.48	
" " " 0826	4,887	1,648.07	* 1,158.80	2,207.81	
" " " 0850	2,488	363.36	* 713.71		
" " " 0879	1,050	186.27	* 188.80	178.68	
Cable Terminals No. 8-B with stub	117	663.88			* 488.81
" " " 14-B " "	48	205.68			* 270.06
" " " 14-C " "	79	338.68			* 442.85
" " " 14-D " "	96	1,006.16			* 1,057.48
Condensers No. 2-A	88	111.86	* 68.86	68.86	
" " 21-B	384	274.48	* 284.48	284.48	
" " E	600	279.48	* 468.00	468.00	
" " F	188	88.82	* 86.70	86.70	
" " 28-A	272	496.20	* 888.00	888.00	
Cords No. 87 87	4,888	8,648.88	* 4,182.88	4,648.80	
" " 92 2-1/2	1,710	274.72	* 478.48	2888.22	
" " 2888 87 "	1,142	888.41	1,007.28	* 881.88	
" " 2887 87 "	18	22.28	* 28.86	28.61	
" " 4487 87 "	17	12.48	* 12.88	28.88	
" " 4488 87 "	27,188	22,188.18	* 22,247.88	22,988.88	
" " 888 87 "	18,088	12,882.81	* 12,881.78	14,288.08	
" " 888 87 "	7,778	2,888.28	* 2,411.18	2,484.12	
Cord Weights No. 116	8,181	8,488.48	* 8,218.18	8,218.48	
Desk Stands No. 20-AA	888	188.88	* 227.80	227.80	
Drops No. 15-A	11,888	11,888.48	* 41,888.88	86,118.24	
Fuses No. 7-A	188	888.78	* 284.18	281.88	
" " 13-C	2,188	488.88			* 888.87
Generators No. 22-A	2,878	881.88			* 488.47
" " 28-A	2,418	888.84			* 817.71
Hart Coils No. 87	15	88.88	* 72.78	78.48	
" " 87-A	28	274.88	* 288.48	287.48	
Jacks No. 48 (88)	8,188	888.88			* 1,088.28
" " (18)	12,218	1,888.88			* 1,818.88
" " 92 (18)	6,148	884.88	* 1,874.82	1,448.88	
" " (88)	118	8.82	8.88	* 8.88	
" " 181 (88)	28,728	7,488.88	* 8,881.24	* 8,888.88	
" " 188	1,788	1,188.84	* 1,881.88	* 1,888.88	
Keys No. 88-A	888	181.88		* 884.88	
" " As-1a1	87	88.88	* 87.75		
Lamps No. 8-C	1	7.88		* 8.88	
" " 8	4,928	1,881.28	1,882.78	* 1,881.28	
" " 8	8,878	888.78	1,488.08	* 1,878.88	
" " 7	988	287.28	888.18	* 888.88	
Lamp Caps No. 2-A	2,818	888.18	888.28	* 788.27	
" " 2	28	8.18	* 8.81	8.78	
" " 2	288	88.28	* 72.81	78.88	
" " H	748	81.48	181.88	111.88	
" " 17	2,617	884.78	* 888.48	814.08	
Lamp Sockets No. 12 (18)	1,848	88.28	* 188.88	181.88	
" " 18	888	287.88	* 278.88	272.88	
Mouthpieces No. 2021	1,188	187.87	* 287.28	287.81	
" " 8488	2,888	188.48	* 248.88	278.48	
Plugs No. 87	88	28.47	* 81.88	87.28	
" " 888	888	4187.81	818.88	* 411.88	
" " 181	28,241	28,888.18	* 21,271.88	* 22,888.48	
" " 118	17,718	14,784.18	18,088.87	* 18,778.84	
" " 187	4,878	8,488.88	4,888.88	* 4,817.88	
Protectors No. 12-A	1,187	1,884.88			* 1,878.87
" " 188-A	2,818	1,888.48			* 1,888.82
Protector Blocks No. 1	888	188.18			* 884.78
" " " 2	18,188	881.11			* 881.88
" " " 28	18,218	188.28			* 178.44
Protector Mixes No. 8	1,878	88.88			* 88.12
" " " 18	81,188	7188.88			* 818.78
" " " 11	4,888	188.88			* 172.88
Relays No. 114-AK	188	18.88			* 11.88
" " 128-AF	111	178.18	* 188.88		
" " A-1	888	88.88	* 88.88		
" " 2	888	788.88	* 1,877.81	2,888.88	
Repeating Coils No. 22-A	848	814.88	* 1,888.88	1,818.88	
" " 48-A	8	18.78	88.88	* 78.88	
Ringers No. 8-A	88	277.88	* 888.88	287.88	
" " 18-A	818	888.78	* 488.48	888.88	
" " B	18	11.88		* 87.88	
Sub-Sets No. 42-J	42	98.78	* 87.48	287.82	
" " 288-K	188	488.88	* 888.88	888.48	
" " 818-E	188	1,888.88	1,881.18	* 1,888.18	
" " 817-F	48	888.78	448.88	* 488.18	
" " 888-A	888	8,884.88	* 7,188.88	7,888.88	
" " 884-A	188	888.88	* 884.48	1,888.88	
Switchboards No. 888-B	4,847	18,488.88	87,487.88	* 87,888.81	
" " 888-B (88-L)	84	8,488.87	* 18,884.88	18,888.88	
" " 788-L	84	18,128.88	* 18,878.88	17,881.78	
	84	18,818.88	* 18,884.87	88,948.88	
Kellogg Total and Comparable W.E. Total		$187,178.88	$884,188.88		
Per cent of W.E. Total		100.	141.18		
Stromberg-Carlson Total and Comparable W.E. Total		$188,884.88		$888,818.88	
Per cent of W.E. Total		100.		188.88	
Cook Total and Comparable W.E. Total		$ 18,448.88			$11,878.81
Per cent of W.E. Total		100.			88.88
Lowest Competing Price Total and Comparable W.E. Total		$888,888.48		*$878,878.88	
Per cent of W.E. Total		188.		188.18	

* Lowest prices of competing manufacturers.

No. 228 Sheet No. 8

EXHIBIT

WESTERN ELECTRIC COMPANY, INCORPORATED.

COMPARISON OF PRICES TO ASSOCIATED TELEPHONE COMPANIES ON SPECIFICATION MATERIAL AND TO NON-ASSOCIATED CUSTOMERS ON COMMERCIAL MATERIAL OF THE SAME NAME.

			Prices in effect on dates shown below f.o.b. Atlanta warehouse stock					
			January 1, 1921		July 1, 1921		January 1, 1922	
	Grade	Unit	Assoc.	Non-Assoc	Assoc.	Non-Assoc	Assoc.	Non-Assoc.
Chestnut Poles 25' B	Spec.	ea.	$ 4.69		$ 4.69		$ 4.66	
" " 30' B	Coml	"		$ 5.08		$ 5.08		$ 5.05
Crossarms Pine, 10" 10 pin	Spec.	"	6.07		6.07		6.03	
	Coml	"		6.54		6.54		6.49
Pins, Locus, 1-1/4" x 8"	Spec.	"	1.79		1.18		1.16	
	Coml	"		1.30		1.11		.97
Insulators, Glass D.P. # 40	Spec.	M pcs.	27.23		27.23		27.15	
	Coml	" "		30.00		28.00		19.00
Braces, Crossarm, 30"	Spec.	" "	83.43		76.17		68.36	
	Coml	" "		119.10		108.60		90.28
Bolts, Crossarm, 10"	Spec.	C "	13.61		12.43		9.63	
	Coml	" "		24.52		14.13		15.09
Bolts, Crossarm, 12"	Spec.	" "	9.30		8.68		6.17	
	Coml	" "		13.62		11.19		8.19
Clamps, 3 Bolt Guy	Spec.	" "	10.68		9.96		7.07	
	Coml	" "		16.17		13.55		9.31
Rods, Ground 1/2" x 5' Type A	Spec.	" "	23.77		23.24		17.66	
	Coml	" "		33.44		27.41		22.90
Wire, Iron # 14BB (Galv.)	Spec.	" "	29.81		27.83		19.39	
	Coml	" "		45.00		25.75		25.04
" " # 12BB	Spec.	C lbs.	7.81		6.16		5.54	
	Coml	" "		9.73		8.78		7.10
Strand, 5/16" (6000#)	Spec.	" "	6.99		5.61		5.17	
	Coml	" "		8.81		6.94		6.51
Strand, 3/8" (10000#)	Spec.	M ft.	20.86		16.02		13.40	
	Coml	" "		21.20		20.25		17.93
Wire, Copper # 12 N B S	Spec.	" "	34.46		28.05		26.06	
	Coml	" "		44.83		42.77		26.31
" Copper Steel Dist. #17	Spec.	C lbs.	19.87		18.66		17.23	
	Coml	" "		25.93		21.97		18.40
Wire, #18 Bridle	Spec.	M ft.	14.75		11.33		11.84	
	Coml	" "		18.00		14.00		12.00
Wire, Inside # 19 Tw.Pr.	Spec.	" "	12.39		8.95		9.22	
	Coml	" "		10.00		8.00		8.00
Creosoted Wood Conduit	Spec.	" "	14.19		7.99		8.31	
	Coml	" "		13.25		11.00		10.00
Clay Conduit 6 Way	Spec.	C ft.	21.84		21.84		18.48	
	Coml	" "		18.15		18.15		18.15
No.1 Porcelain Str. Insulator (504)	Spec.	" "	14.12		14.12		14.03	
	Coml	" "		13.95		13.95		13.95
Type A Porcelain Knobs	Spec.	M pcs.	254.78		253.81		214.32	
	Coml	" "		263.67		223.14		223.14
	Spec.	" "	31.79		32.30		23.64	
	Coml	" "		36.91		33.90		33.90

EXHIBIT 19

COMPARISON OF WESTERN ELECTRIC PRICES TO ASSOCIATE TELEPHONE COMPANIES INCLUDING ILLINOIS BELL TELEPHONE COMPANY ON SPECIFICATION MATERIAL AND TO NON-ASSOCIATE CUSTOMERS ON CORRESPONDING MATERIAL OF COMMERCIAL GRADE

CHICAGO

(a)	Unit (b)	Prices in effect on dates shown below f.o.b. Chicago warehouse stock					
		January 1, 1921		July 1, 1921		January 1, 1922	
		Assoc. (e)	Non-Assoc. (d)	Assoc. (e)	Non-Assoc. (f)	Assoc. (g)	Non-Assoc. (h)
Bolts, Crossarm 10" Spec.	C pcs.	$ 8.909		$ 8.282		$ 5.782	
" " 10" Com'l	" "		$ 10.75		$ 9.20		$ 7.48
Bolts, Crossarm 12" Spec.	" "	10.222		9.503		6.635	
" " 12" Com'l	" "		12.16		10.40		8.46
Braces, Crossarm 30" Spec.	" "	12.748		11.570		8.791	
" " 30" Com'l	" "		15.17		13.10		11.07
Clamps, 5 Bolt Guy Spec.	" "	22.850		23.322		16.770	
" 5 " " Com'l	" "		28.17		23.75		23.25
Conduit, Clay 4-Way Spec.	C du.ft.	13.206		11.884		11.88	
" " " Com'l	" "		10.00		10.00		7.00
Conduit Cpge. T.P. Head Spec.	C ft.	34.709		34.415		30.980	
" " " Com'l	" "		16.00		12.90		13.60
Crossarms, Cpge. Pine 10' 10 pin Unequipped Spec.	Ea.	1.991		1.968		1.968	
" " 10' 10 " Com'l			1.51		1.18		1.81
Insulators, Glass D.P. 240 Spec.	M pcs.	70.336		63.076		55.655	
" " 240 Com'l	" "		79.20		70.50		70.50
Insulators, Porcelain Strain No. 1 Spec.	" "	239.308		286.130		199.283	
" " No. 1 Com'l	" "		201.60		168.00		175.00
Knobs, Porcelain Type A Spec.	" "	29.625		30.142		21.564	
" " A Com'l	" "		39.70		35.20		35.20
Pins, Locust 1-1/4" x 8" Spec.	" "	26.564		26.248		26.194	
" " Com'l	" "		20.00		16.67		16.67
Poles, Northern White Cedar 25' 8 Spec.	Ea.	8.958		8.958		6.648	
" " " 25' 7" Com'l			7.50		7.50		5.00
Poles, Northern White Cedar 30' 8 Spec.	"	12.659		12.659		9.864	
" " " 30' 7" Com'l	"		10.50		10.50		7.00
Rods, Ground 1/2" x 5' Type A Spec.	C pcs.	28.391		26.611		18.613	
" " " A Com'l	" "		37.35		32.08		30.96
Strand, 5/16" (6000#) Spec.	M ft.	20.089		15.325		12.730	
" " Com'l	" "		35.20		31.10		17.40
Strand, 3/8" (10000#) Spec.	" "	38.637		27.192		25.212	
" " Com'l	" "		41.10		37.30		30.60
Wire, Iron #12 B.B. Spec.	Cwt.	6.548		5.163		4.726	
" " #12 " Com'l	" "		7.45		6.56		5.37
Wire, Iron #14 B.B. Spec.	" "	7.373		5.717		5.101	
" " #14 " Com'l	" "		8.09		6.80		5.94
Wire, Bare Copper #12 H.D.S. Spec.	" "	19.182		17.998		16.568	
" " #12 " Com'l	" "		18.50		16.50		17.50
Wire, Copper Steel O.D. #17 Spec.	M ft.	14.859		11.501		11.501	
" " " #17 Com'l	" "		14.06		13.90		11.45
Wire, #18 Bridle Spec.	" "	16.805		9.090		9.304	
" #18 " Com'l	" "		11.85		9.73		9.73
Wire, #19 Tw. Pr. Inside Spec.	" "	14.583		8.118		8.405	
" #19 " " " Com'l	" "		11.85		9.19		9.19

No. 235A.

306

384 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of B. L. Kilgour.

STATE OF OHIO,
Hamilton County:

Personally appeared before me, a Notary Public in and for the said state and county, B. L. Kilgour, who is personally known to me, and who being duly sworn, says:

I am President of the Cincinnati and Suburban Bell Telephone Company, which is a telephone company furnishing service within the City of Cincinnati, Ohio, and for a territory within a radius of one hundred miles.

During the year 1921, said Cincinnati Company operated 118,159 exchange stations.

At no time has the American Telephone and Telegraph Company, or any of its predecessors, directly or indirectly, owned a majority of the stock or securities of said Cincinnati and Suburban Bell Telephone Company, nor does the American Telephone and Telegraph Company at this time, directly or indirectly, own a majority of the stock or securities of said Cincinnati and Suburban Bell Telephone Company;

At no time has the American Telephone and Telegraph Company, either through its own officials or otherwise, had a majority representation on the Board of Directors of said Cincinnati Company, either directly or indirectly, and does not at this time have such majority representation.

I am familiar with the agreement between the American Telephone and Telegraph Company and the Cumberland Tele-
385 phone and Telegraph Company, Incorporated, covering telephone services, licenses and privileges, under which agreement the Cumberland Company pays to said American Company 4½% of its gross receipts, as set forth in said contract.

The Cincinnati and Suburban Bell Telephone Company has the same contract with the American Telephone and Telegraph Company, receives the same service and makes the same payments therefor as does the said Cumberland Company.

During the year 1921, the Cincinnati and Suburban Bell Telephone Company paid to said American Company, under its said contract, the sum of $242,201.02.

Said Cincinnati and Suburban Bell Telephone Company has the same contract with the Western Electric Company as has said Cum-

berland Company, whereby said Western Electric Company furnishes said Cincinnati and Suburban Bell Telephone Company its material, either by manufacture or purchase thereof.

The Cincinnati and Suburban Bell Telephone Company can and does purchase its materials from and through the Western Electric Company at lower prices than can be obtained otherwise.

I have had long experience in operating said Cincinnati and Suburban Bell Telephone Company and in managing its affairs. Both of said contracts with the American Telephone and Telegraph Company are valuable contracts for the Cincinnati and Suburban Bell Telephone Company, the value of the benefits received by said Cincinnati and Suburban Bell Telephone Company being in excess of the payments therefor. I am now, and have been for some time, the owner of a substantial amount of the stock of said Cincinnati Company.

B. L. KILGOUR.
President.

Sworn to and subscribed before me this 12th day of June, 1922.
[SEAL.]
WESTER G. BETTY,
Notary Public, Hamilton Co., Ohio.

My Commission Expires August 29, 1922.

386 In the United States District Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of James T. Moran.

STATE OF CONNECTICUT,
County of New Haven, ss:

James T. Moran, being first duly sworn, deposes and says:

I live in New Haven, Connecticut, and am President and General Attorney of The Southern New England Telephone Company, which operates telephone exchanges throughout the State of Connecticut. I have been connected with this company since 1884 in the following capacities: First, as attorney, becoming later general attorney. I was elected a director in 1907, and vice president in 1908. In 1911, I was elected general manager, continuing also as vice president. In February, 1917, I was elected president and general attorney for the company.

The outstanding capital stock of The Southern New England Telephone Company is $15,000,000, divided into 150,000 shares, par value $100 each. The American Telephone and Telegraph Company owns 50,014 or 33.34 per cent. of the total outstanding capital stock. The balance, 99,986 shares was, on December 31, 1921, owned by 3,671 independent stockholders. Over 90 per cent of the 99,986 shares were held by 3,341 residents of the States of Connecticut and the balance, 330 shares, by residents in 28 states, and in foreign countries.

The Southern New England Telephone Company has a board of directors and an executive committee which is selected from
387 its board of directors. The board of directors, elected annually by the stockholders, controls and directs the affairs of the company and elects its officers. There are eleven members of the board of directors and six members of the executive committee. The American Telephone and Telegraph Company is represented on the board of directors by two members and on the executive committee by one. It has never had more than two members upon the board of directors, nor more than one member upon the executive committee. The directors, representing the American Telephone and Telegraph Company have generally not attended the meetings of the board of directors or the executive committee unless the managemnt of The Southern New England Telephone Company especially requested their attendance.

The Southern New England Telephone Company has a contract with the American Telephone and Telegraph Company, which is generally referred to as the License Contract. The relationship established by this contract between these companies was first entered into May 1, 1884, and has been continuous since that time. The contract now in force is the standard form of the License Contract, and is dated May 14, 1918. I have examined a copy of the License Contract in force between the American Telephone and Telegraph Company and the Cumberland Telephone and Telegraph Company and I find that these two contracts differ only in dates, in the names of the operating companies, and in a description of the operating territory.

The Southern New England Telephone Company pays a portion or per cent. of its receipts or earnings to the American Telephone and Telegraph Company, in payment for the services rendered by that company under this contract. It pays 4½ per cent. of Account 500, Subscribers' Station Revenues; Account 501, Public Pay Station Revenues; Account 504, Private Exchange Lines; and Account 510, Message Tolls; less Account 304, Uncollectible Operating Revenues. The account numbers refer to the Interstate Commerce Commission's Standard System of Accounts for Class A Telephone Companies. The payment for 1921 amounted to $352,509.07.

When the original agreement was consummated, in 1884, The Southern New England Telephone Company was entirely independent of the American Bell Telephone Company, which company was the predecessor of the American Telephone and Telegraph Company and the company with which the original agreement was made.

The Southern New England Telephone Company has continued entirely independent of the American Telephone and Tele-
388 graph Company and its predecessor, the American Bell Telephone Company, since that time. When the original agreement was consummated, the American Bell Telephone Company owned only 43 shares of stock of The Southern New England Telephone Company, of a total issue outstanding at that time of 9,068 shares. Neither the American Telephone and Telegraph Company nor its predecessor, the American Bell Telephone Company, has ever owned more than 33.34 per cent. of the capital stock of The Southern New England Telephone Company, which is the amount of stock now owned by said company.

In return for the payment to the American Telephone and Telegraph Company under this contract, The Southern New England Telephone Company receives services as follows: (1) The furnishing to The Southern New England Telephone Company of all telephone transmitters and receivers, with induction coils, it uses in its system, with a 3% over-stock; the repair and replacement of defective instruments, and the substitution of instruments of improved types as they are developed; (2) rights under all patents owned or controlled by the American Telephone and Telegraph Company covering the use of telephonic devices, apparatus, methods and systems; (3) the right to use all standardized new and improved apparatus and methods developed through research and experimental work; (4) a guarantee of freedom from royalties, damages and expenses, on account of patents, arising out of recommended uses of apparatus, methods and systems; (5) an organization to prosecute continuously the fundamental work of research and investigation to the end that safety, economy and efficiency in the business may be promoted; (6) rights, privileges, and general services, as follows: advice and direct assistance in (*a*) building engineering, including the design and character of central office buildings, (*b*) equipment engineering, including standardization of central office and station equipment, (*c*) plant engineering, including standardization of construction methods and establishment of protective measures against the interference of foreign currents, (*d*) traffic engineering, including studies of central office requirements and standardization of operation practice, (*e*) commercial engineering, including field development studies for a long period of years, (*f*) fundamental engineering, including the determination of fundamental plant requirements from the data established by development studies; utilization of patents purchased and developed by the American Telephone and Telegraph Company; legal advice and assistance; advice and assistance in regard to taxation, National and State; advice and assistance in matters pertaining to govern-
389 mental regulation, National and State; publicity as advanced by newspaper statements and pamphlets setting forth the policies and purposes of the Bell Telephone System; advertising, as contained in all the leading magazines of the country; financing, including direct loans and the underwriting of the liability assumed under the Plan for Employees' Pensions, Disability Benefits and In-

surance; accounting, including the checking of the Company's statements and an annual audit of its books; and a general security and advantage resulting from the immediate availability of and daily correspondence with a comprehensive organization composed of the most expert telephone men in the world.

In my judgment, as an officer and executive of The Southern New England Telephone Company and an experienced telephone man, the property and services furnished by the American Telephone and Telegraph Company to The Southern New England Telephone Company are worth more to that company than the amount paid for the same. The Southern New England Telephone Company continues this contract because it considers the arrangement of very substantial value to it. If my company did not have the contract, as an officer and an executive of that company, I would be in favor of negotiating such a contract with the American Telephone and Telegraph Company, assuming that company to be willing to negotiate.

The services rendered under this contract by the American Telephone and Telegraph Company which can be evaluated with substantial accuracy show savings which amount to many times the payments made under the contract, but to my mind, the two things secured through this contract which are of the greatest value are things that cannot be evaluated. They are, in the first place, universal service, which would not be possible without some relationship which resulted in a single system with standardized apparatus, equipment, and operating methods and which is of tremendous benefit to every telephone company in the United States, and, in the second place, the assurance that my company will have available for its use and for the use of its subscribers whatever there is new in the art which, from time to time, is demonstrated to be valuable in bringing about efficient and economical telephone service.

The Southern New England Telephone Company purchases all its telephone apparatus and a large part of its telephone supplies from the Western Electric Company, Inc., and has done so, almost from the very beginning of its business. It has purchased
390 its telephone apparatus and supplies from the Western Electric Company, Inc., because, in the judgment of its officers and executives, it was to the advantage of the telephone company to do so. The Southern New England Telephone Company has had the same advantage in prices for telephone apparatus manufactured by the Western Electric Company, Inc., that is accorded to Associated Bell Telephone Companies which has, in my opinion, enabled The Southern New England Telephone Company to purchase its telephone apparatus for less than it could otherwise have purchased the same.

On May 1, 1910, The Southern New England Telephone Company entered into a contract with the Western Electric Company, Inc., under which contract that company became the purchasing agent of The Southern New England Telephone Company for telephone material and supplies not manufactured by the Western Elec-

tric Company, Inc. It entered into this contract because of their judgment of its officers and executives, it was to the advantage returns this company to do so. The present form of this contract is known as the "Standard Supply Contract." It is the same form of contract that is in force between the Western Electric Company, Inc., and the Cumberland Telephone and Telegraph Company, copy of which I have examined. In my judgment, this contract is of great value and benefit to The Southern New England Telephone Company and is continued in force for that reason. It can be terminated at the option of the officers of The Southern New England Telephone Company and it does not obligate said company to purchase its telephone apparatus or supplies from the Western Electric Company, Inc. The Southern New England Telephone Company has always purchased telephone material and supplies from other sources when it found it advantageous to do so. For example, it has always purchased its poles from farmers in the State of Connecticut. It purchases its automobiles from local automobile dealers about the State of Connecticut. It also purchases locally in its territory some of its incidental supplies.

It is my opinion, as an officer and an executive of The Southern New England Telephone Company and an experienced telephone man, that the contract under which my company purchases its telephone apparatus, material and supplies from the Western Electric Company, Inc., is of great benefit to The Southern New England Telephone Company, and amounts to a very substantial saving to the company. Otherwise, the contract would not be continued.

If my company did not have the contract, as an officer and
391 an executive of that company, I would be in favor of negotiating such a contract with the Western Electric Company, Inc., assuming that company to be willing to negotiate.

JAMES T. MORAN.

Sworn to and subscribed to before me by the said James T. Moran this 2nd day of June, 1922.

[SEAL.] ELLIS B. BAKER, JR.,
Notary Public Within and for the State of Connecticut.

395 In the District Court of the United States for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION et als., Defendants.

Affidavit of John E. Bouden, Jr.

Personally appeared before me, the undersigned, this 7th day of June 1922, John E. Bouden, Jr., to me personally known, who being duly sworn, deposes and says:

That he resides in the City of New Orleans, State of Louisiana. That he is President of the Whitney Central Trust & Savings Bank of New Orleans, La., having a capital of one million dollars, ($1,000,000). That he has been President of the Whitney Central Trust & Savings Bank for eight, (8), years and prior to that time was its Vice President.

That the Whitney Central Trust & Savings Bank deals in investment securities of the classes offered to what are known in banking circles as the conservative investor and it, therefore, confines its purchases and sales of securities to those which it considers to be conservative investments and is, and for some years has been, one of the largest houses handling public utilities securities. That it is the practice of deponent's said house to make an investigation of the operations of any public utility before it deals in the securities of such utility; that when a proposal is made to it to handle such securities it first makes a preliminary investigation of the facts and figures relating to the company generally in order to determine whether or not there is a safe basis for the bonds or other securities which it is asked to handle.

That the Whitney Central Trust & Savings Bank has been in business since July 1908, and during that period he has had occasion to make extensive investigations into the operations,
393 properties, earnings and securities of a great many electric, gas, telephone, street railway, water and other public utilities.

That it is the opinion of the deponent that a public utility such as the plaintiff should earn an annual return of not less than 8% (after providing for depreciation) upon the fair and reasonable value of its property used and useful in the rendition of its service in order to place its securities upon a parity with other investments competing for funds in the market.

That in order to make the securities of a public utility saleable, it is necessary that public confidence in such securities be established and maintained. The investors must have reasonable assur-

ance of the integrity of the investment and the safety of their money, and must be afforded a return at least equal to the returns which they could obtain through other available investments of similar desirability.

That the cost to public utilities of borrowed money, where the loans are adequately secured and where there is a fixed obligation to return the money borrowed at a definite date, is obviously less than the fair return necessary to induce the investment of funds that are to be invested at the risk of the business.

That the cost of borrowed money to public utilities during the last three years has run as high as 10% for short term loans and has averaged over 7% for long time money. That at present such corporations cannot obtain money on long time loans, even though adequately secured, at less than an average cost of approximately 6%. That prudence and conservatism dictate that only a proportion of the capital requirements of such corporations should be raised by the sale of bonds or other loans. That it is fundamental that public utilities which expect to continue permanently in business and which are required continuously to increase their investments in order to meet the public service requirements imposed upon them must have a market for their stocks, and their stocks are not saleable to investors unless it can be demonstrated that the company offering such stocks is earning and will continue to earn at least a reasonable return upon the value of its property devoted to the public use. That there is active competition among utility corporations, industries and other businesses for the surplus funds which are at any time available for new invesments, and plaintiff, like the others, is compelled to meet this competition and to offer inducements to investors equal to those offered by others at the same time. That capital invested in banking, merchandising and
394 other businesses in the City of New Orleans, La., earns more than eight per cent on the investment.

This affidavit is made for the purpose of being used in the above styled suit by the Cumberland Telephone & Telephone Company on its application for an interlocutory injunction under the bill filed in said suit.

(Sd.) JOHN E. BOUDEN, Jr.

Subscribed and sworn to before me this the 7th day of June, 1922.

(Sd.) FRANK T. DOYLE,
[SEAL.] *Notary Public.*

395 In the District Court of the United States for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION et als., Defendants.

Affidavit of James P. Butler.

Personally came and appeared before me, the undersigned authority, this 7th day of June, 1922, James P. Butler, to me personally known, who being duly sworn, deposes and says:

That he is President of the Canal-Commercial Bank and Trust Company of the City of New Orleans, State of Louisiana, and that he has been President of said bank for over one year; that prior to that time, he was Executive Vice-President of the Canal-Commercial Bank and Trust Company.

That the capital stock of the Canal-Commercial Bank and Trust Company is Four Million ($4,000,000.00) Dollars.

That the Canal-Commercial Bank and Trust Company deals in investment securities of the classes offered to what are known in banking circles as the conservative investor and it therefore confines its purchases and sales of securities to those which it considers to be conservative investments and is, and for some years has been, handling public utilities securities. That it is the practice of deponent's said Bank to make an investigation of the operations of any public utility before it deals in the securities of such utility; that when a proposal is made to it to handle such securities it first makes a preliminary investigation of the facts and figures relating to the company generally in order to determine whether or not there is a safe basis for the bonds or other securities which it is asked to handle.

396 That the Canal-Commercial Bank and Trust Company has been in business for more than ten years, and during said period it has had occasion to make extensive investigations into the operations, properties, earnings and securities of a great many electric, gas, telephone, street railway, water and other public utilities.

That it is the opinion of the deponent that a public utility such as the plaintiff should earn an annual return of not less than 8% (after providing for depreciation) upon the fair and reasonable value of its property used and useful in the rendition of its service in order to place its securities upon a parity with other investments competing for funds in the market.

That in order to make the securities of a public utility saleable, it

is necessary that public confidence in such securities be established and maintained. The investors must have reasonable assurance of the integrity of the investment and the safety of their money, and must be afforded a return at least equal to the returns which they could obtain through other available investments of similar desirability.

That the cost of public utilities of borrowed money, where the loans are adequately secured and where there is a fixed obligation to return the money borrowed at a definite date, is obviously less than the fair return necessary to induce the investment of funds that are to be invested at the risk of the business. That the cost of borrowed money to public utilities during the last three years has run as high as 8% for short term loans and has averaged over 7% for long time money. That at present such corporations cannot obtain money on long time loans, even though adequately secured, at less than an average cost of approximately 6%. That prudence and conservatism dictate that only a proportion of the capital requirements of such corporations should be raised by the sale of bonds or other loans. That it is fundamental that public utilities which expect to continue permanently in business and which are required continuously to increase their investments in order to meet the public service requirements imposed upon them must have a market for their stocks, and their stocks are not saleable to investors unless it can be demonstrated that the company offering such stocks is earning and will continue to earn at least a reasonable return upon the value of its property devoted to the public use. That there is active competition among utility corporations, industries and other businesses for the surplus funds which are at any time available for new investments, and plaintiff, like the others, is compelled to meet this competition and to offer inducements to investors equal to those offered
397 by others at the same time.

This affidavit is made for the purpose of being used in the above styled suit by the Cumberland Telephone & Telegraph Company on its application for an interlocutory injunction under the bill in said suit.

(Signed) JAMES P. BUTLER.

Sworn to and subscribed before me this 7th day of June, 1922.

(Signed) FRANK T. DOYLE,
[SEAL.] *Notary Public.*

398 In the United States Court for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION and Others, Defendants.

Affidavit of Mr. L. M. Pool.

Personally came and appeared before me, the undersigned authority, on this the 7th day of June, 1922, Mr. L. M. Pool, to me personally known, who being duly sworn deposes and says:

That he resides in the City of New Orleans, Louisiana, and has resided here for the past twenty-five years.

That he is President of the Marine Bank and Trust Company, and has been President of that institution since it began business in March, 1918. That the capital stock of the Marine Bank and Trust Company is One Million, Five Hundred Thousand ($1,500,000.00) Dollars, and that its surplus is Eight Hundred Thousand ($800,000.00) Dollars.

That prior to affiant becoming President of the Marine Bank and Trust Company, he was one of the Vice-Presidents of the Hibernia Bank and Trust Company of the City of New Orleans, and had been a Vice-President of said Hibernia Bank and Trust Company for about ten years.

That the Marine Bank and Trust Company deals in investment securities of the classes offered to what are known in banking circles as the conservative investor and it therefore confines its purchases and sales of securities to those which it considers to be conservative investments and is, and for some years has been, handling public utilities securities. That it is the practice of deponent's said bank to make an investigation of the operations of any public
399 utility before it deals in the securities of such utility; that when a proposal is made to it to handle such securities, it first makes a preliminary investigation of the facts and figures relating to the company generally in order to determine whether or not there is a safe basis for the bonds or other securities which it is asked to handle.

That the Marine Bank and Trust Company has been in business since March, 1918, and during that period affiant has had occasion to make extensive investigations into the operations, properties, earnings and securities of a great many electric, gas, telephone, street railway, water and other public utilities, but has purchased very few such issues for the following reasons:

1. That the local market for such securities has not been active. In fact, it has been practically dead, due to the enormous losses the investors have sustained in such securities;

2. Because of the antagonistic attitude of legislative and regulatory bodies to public service corporations.

That it is the opinion of the deponent that a public utility such as the plaintiff should earn an annual return of not less than 8% (after providing for depreciation) upon the fair and reasonable value of its property used and useful in the rendition of its service in order to place its securities upon a parity with other investments competing for funds in the market.

That in order to make the securities of a public utility saleable, it is necessary that public confidence in such securities be established and maintained. The investors must have reasonable assurance of the integrity of the investment and the safety of their money, and must be afforded a return at least equal to the returns which they could obtain through other available investments of similar desirability.

That the cost of public utilities of borrowed money, where the loans are adequately secured and where there is a fixed obligation to return the money borrowed at a definite date, is obviously less than the fair return necessary to induce the investment of funds that are to be invested at the risk of the business. That the cost of borrowed money to public utilities during the last three years has run over 8% for short term loans and has averaged about 7% for long time money. That at present such corporations cannot obtain money on long time loans, even though adequately secured, at less than an average cost of approximately 6%. That prudence and conservatism dictate that only a proportion of the capital requirements of such corporations should be raised by the sale of bonds or other loans. That it is fundamental that public utilities which expect to continue permanently in business and which are required continuously to increase their investments in order to meet the public service requirements imposed upon them must have a market for their stocks, and their stocks are not saleable to investors unless it can be demonstrated that the company offering such stocks is earning and will continue to earn at least a reasonable return upon the value of its property devoted to the public use. That there is active competition among utility corporations, industries and other businesses for the surplus funds which are at any time available for new investments, and plaintiff, like the others, is compelled to meet this competition and to offer inducements to investors equal to those offered by others at the same time.

400

This affidavit is made for the purpose of being used in the above styled suit by the Cumberland Telephone and Telegraph Company on its application for an interlocutory injunction under the bill filed in said suit.

(Signed) L. M. POOL.

Sworn to and subscribed before me this 7th day of June, 1922.
(Signed) FRANK T. DOYLE,
[SEAL.] *Notary Public.*

401 In the District Court of the United States for the Eastern District of Louisiana, Baton Rouge Division.

In Equity.

No. 95.

CUMBERLAND TELEPHONE AND TELEGRAPH COMPANY, Plaintiff,

vs.

LOUISIANA PUBLIC SERVICE COMMISSION et als., Defendants.

Affidavit of Eli T. Watson.

Personally appeared before me, the undersigned, this 7th day of June, 1922, Eli T. Watson, to me personally known, who being duly sworn, deposes and says:

That he resides in the City of New Orleans, State of Louisiana, and is an Investment Banker, that he is senior partner of Watson, Williams & Company of New Orleans, La., with offices at New Orleans, La., and has been with that Investment House for over nine, (9), years continuously. That said House is a member of the Investment Bankers' Association.

That Watson, Williams & Company deals in investment securities of the classes offered to what are kn n in banking circles as the conservative investor and it, therefore, confines its purchases and sales of securities to those which it considers to be conservative investments and is, and for some years has been, one of the largest houses handling public utilities securities. That it is the practice of deponent's said house to make an investigation of the operations of any public utility before it deals in the securities of such utility; that when a proposal is made to it to handle such securities it first makes a preliminary investigation of the facts and figures relating to the company generally in order to determine whether or not there is a safe basis for the bonds or other securities which it is asked to handle.

That Watson, Williams & Company has been in business since October, 1912, and during that period he has had occasion to
402 examine engineers' reports and make other investigations into the operations, properties, earnings and securities of a great many electric, gas, telephone, street railway, water and other public utilities.

That it is the opinion of the deponent that public utility such as the plaintiff should earn an annual return of not less than 8% (after providing for depreciation) upon the fair and reasonable value of its property used and useful in the rendition of its service in order to place its securities upon a parity with other investments competing for funds in the market.

That in order to make the securities of a public utility salable, it is necessary that public confidence in such securities be established and maintained. The investors must have reasonable assurance of the integrity of the investment and the safety of their money, and must be afforded a return at least equal to the returns which they could obtain through other available investments of similar desirability.

That the cost to public utilities of borrowed money, where the loans are adequately secured and where there is a fixed obligation to return the money borrowed at a definite date, is obviously less than the fair return necessary to induce the investment of funds that are to be invested at the risk of the business.

That the cost of borrowed money to public utilities during the last three years has run as high as 10% for short term loans and has averaged over 7% for long time money. That at present such corporations cannot obtain money on long time loans, even though adequately secured, at less than an average cost of approximately 6%. That prudence and conservatism dictate that only a proportion of the capital requirements of such corporations should be raised by the sale of bonds or other loans. That it is fundamental that public utilities which expect to continue permanently in business and which are required continuously to increase their investments in order to meet the public service requirements imposed upon them must have a market for their stocks, and their stocks are not saleable to investors unless it can be demonstrated that the company offering such stocks is earning and will continue to earn at least a reasonable return upon the value of its property devoted to the public use. That there is active competition among utility corporations, industries and other businesses for the surplus funds which are at any time available for new investments, and plaintiff, like the others, is compelled to meet this competition and to offer inducements to investors equal to those offered by others at the same time.

403 This affidavit is made for the purpose of being used in the above styled suit by the Cumberland Telephone & Telegraph Company on its application for an interlocutory injunction under the bill filed in said suit.

(Signed) ELI T. WATSON.

Subscribed and sworn to before me this 7th day of June, 1922.

(Signed) FRANK T. DOYLE,

[SEAL.] *Notary Public.*

404 NOTE.—Affidavit of J. J. McTiernan, filed with Louisiana Public Service Commission at hearing held May 2, 1922, same as affidavit of J. J. McTiernan copied at page 417 of this Transcript.

405 NOTE.—Affidavit of George J. Yundt filed with Louisiana Public Service Commission at hearing held May 2, 1922, same as affidavit of George J. Yundt, copied at page 421 of this Transcript.

406 *Certificate of Henry Jastremski, Marked #20.*

Filed June 23, 1922.

Letter Head of

Louisiana Public Service Commission,

Baton Rouge.

I, Henry Jastremski, Secretary, Louisiana Public Service Commission, do hereby certify that the papers hereto attached are true and correct copies and comprise the complete record of all documents filed with the Louisiana Public Service Commission at a session held in the City of New Orleans on May 2 and 3, 1922, in Case No. 48, Louisiana Public Service Commission (R. R. C. of La. No. 3052) entitled Cumberland Telephone & Telegraph Company, Ex Parte, In re: Rate readjustments; the originals of said papers being on file and of record in the office of the Commission at Baton Rogue, Louisiana.

In testimony weherof I have hereunto subscribed my name and affixed the seal of the Commission this 10th day of June, 1922.

(Signed) HENRY JASTREMSKI,

[SEAL.] *Secretary Louisiana Public Service Commission.*

407 Letterhead.

Louisiana Public Service Commission,

Baton Rouge.

In reply please refer to our file No. R. R. C. of La. No. 3052; L. P. S. C. Case No. 48.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY. Ex Parte.

In re Rate Readjustments.

Notice is hereby given that Louisiana Public Service Commission will, at a session to be held in the council chamber of the City Hall, at New Orleans, Louisiana, on Tuesday, May 2, 1922, at ten o'clock a. m., take up for hearing and consideration the matter of suspending the rate advances in exchange telephone rates on the Cumberland Telephone and Telegraph Company within the State of Louisiana as authorized in Order No. 2397, of Railroad Commission of Louisiana, Docket No. 3052 of Railroad Commission of Louisiana, and Docket No. 48 of Louisiana Public Service Commission, pending a decision of the Commission on the application for re-hearing granted in the said matter. Said hearing to be restricted to argument only and the filing of such affidavits and motions as may be offered, and no parole testimony will be heard.

All interested parties are requested to be present at the hearing.
(Signed) HENRY JASTREMSKI,
Secretary.

By order of the Commission.
Baton Rouge, Louisiana, April 28, 1922.

408 Filed 5/2-1922, by J. B. Monroe. (Signed) Hy. Jastremski, Secy.

R. R. C. of La., No. 3052.
L. P. S. C. Case No. 48.

LOUISIANA PUBLIC SERVICE COMMISSION.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY. Ex Parte.

Rate Adjustment.

The petition of Cumberland Telephone & Telegraph Company, a party herein, with respect represents:

That the Honorable Francis Williams, one of the three present members of the Louisiana Public Service Commission, during the course of his campaign for the nomination for the office of Commissioner, caused or permitted to be printed and circulated to the voters within the elective district in which he was campaigning for the office, postcards containing his photograph and reading in part: I will reduce telephone rates", the whole as more fully appears from a copy of said postcard hereto annexed and made part hereof, and that the said Francis Williams has otherwise expressed himself as having determined to reduce telephone rates; that the said expressions being in the nature of campaign promises made to the voters as an inducement to them to elect him for office, disqualify the said Honorable Francis Williams from sitting as an unbiased and impartial Commissioner for the purpose of passing upon this case.

That for the aforesaid reasons the said Honorable Francis Williams should be recused and should refrain from passing upon the issues here presented.

Wherefore petitioner prayes that the said Francis Williams may be recused from passing upon the questions presented herein, they being the question as to the reduction vel non of the presently existing telephone rates, that is to say the identical question upon which he has expressed himself during the course of the campaign.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY,
(Signed) By J. BLANC MONROE AND
J. C. HENRIQUES.

(Signed) HUNT CHIPLEY,
Of Counsel.

409 Charles A. Stair, being duly sworn deposes and says: That he is Division Manager of the Cumberland Telephone & Telegraph Company located at New Orleans, La., and is the ranking officer of said Company located in the State of Louisiana; that he has read the foregoing petition for recusion of the Honorable Francis Williams and that the facts and allegations therein contained are true and correct.

(Signed) C. A. STAIR.

Sworn to and subscribed, before me at New Orleans, this 2nd day of May, 1922.

(Signed) FRANK T. DOYLE,
[SEAL.] *Notary Public.*

410 Filed by J. B. Monroe 5/2, 1922. (Signed) Henry Jastremski, Secy.

R. R. C. of La., No. 3052.
L. P. S. C. Case No. 48.

Louisiana Public Service Commission.

CUMBERLAND TELEPHONE & TELEGRAPH CO.

Rate Adjustment.

Now comes the Cumberland Telephone & Telegraph Company expressly for the purpose of objecting to the form of the procedure herein, and, with full reservation of its rights, avers that on or about the 29th day of April, 1922, it received notice of this proceeding in the words and figures following, to-wit:

"R. R. C. of La., No. 3052.
L. P. S. C. Case No. 48.

"CUMBERLAND TELEPHONE & TELEGRAPH COMPANY. Ex Parte.

In re Rate Readjustments.

"Notice is hereby given that Louisiana Public Service Commission will, at a session to be held in the council chamber of the City Hall, at New Orleans, Louisiana, On Tuesday, May 2, 1922, at ten o'clock A. M. take up for hearing and consideration the matter of suspending the rate advances in exchange telephone rates of the Cumberland Telephone & Telegraph Company within the State of Louisiana as authorized in Order No. 2397, of Railroad Commission of Louisiana, Docket No. 3052 of Railroad Commission of Louisiana, and Docket No. 48 of Louisiana Public Service Commission, pending a decision of the Commission on the application for re-hearing granted in the said matter. Said hearing to be restricted to argument only

and the filing of such affidavits and motions as may be offered, and no parole testimony will be heard.

"All interested parties are requested to be present at the hearing.

"By order of the Commission.

Baton Rouge, Louisiana, April 28, 1922.

(Signed) HENRY JASTREMSKI,
Secretary."

That on or about April 28, 1922, it had received by telegraph substantially the same notice of this hearing and that no other notices of said hearing had been received by it.

Respondent, with full reservation of its rights, avers:

1st. That this hearing and the not-ce thereof are contrary to and in violation of the rules and regulations of the Louisiana Public Service Commission.

2nd. That this hearing and the notice thereof amount to a denial to it of equal protection of the law and the deprivation to it of its property without due process of law in contravention of the
411 Fifth and Fourteenth Amendments of the Constitution of the United States and Section 1 of Article 2 of the Louisiana Constitution of 1921.

And that the proceedings just had re-recusative evidence a further violation of its constitutional rights aforesaid.

Wherefore, with full reservation of its rights in the premises, respondent prays that this proceeding may be dismissed, for the reasons above given.

(Signed) J. C. HENRIQUES,
(Signed) J. BLANC MONROE,
Attys. for Cumberland Tel.

(Signed) HUNT CHIPLEY,
Of Counsel.

412 Henriques No. 1.

Filed by J. C. Henriques 5/2-1922. (Signed) Henry Jastremski, Secy.

STATE OF LOUISIANA,
Parish of Orleans,
City of New Orleans:

Before me, a Notary Public, duly commissioned and qualified in and for the City and the Parish of Orleans, personally came and appeared, Charles A. Stair, who being duly sworn deposes and says:

That he is the Division Manager of the Cumberland Telephone and Telegraph Company located in New Orleans, Louisiana, and is the ranking officer of said Company in the State of Louisiana. That the history of the effort of the Cumberland Telephone and Telegraph Company to secure from the former Railroad Commis-

sion of Louisiana, now the Louisiana Public Service Commission, a rate which would represent a reasonable return upon the fair value of its property used and useful in rendering telephone service in the State of Louisiana, is as follows:

1. On September 22, 1920, the Cumberland Telephone and Telegraph Company voluntarily went before the Commission and, making proper averments, set forth that the then existing rates were unreasonably low, and asked for an increase in rates.

2. That said application was duly assigned for a hearing at Baton Rouge, Louisiana, for October 15, 1920.

3. That although the Cumberland Telephone and Telegraph Company was fully prepared to take up said application on October 15, 1920, same was continued by order of the Louisiana Railroad Commission for a period of sixty days, namely until December 15, 1920, and the Company was instructed to have printed a sufficient number of copies of the schedules of proposed increased rates and deliver same to the Railroad Commission of Louisiana so that it could transmit same to every Mayor and Town Council in the State as
413 well as to every Chamber of Commerce or commercial organizations in every town in which the company operated an exchange, and that this request was complied with.

4. That on December 15, 1920, the said application was duly taken up by the Railroad Commission of Louisiana and was heard on December 15, December 16 and December 17, 1920, a comprehensive investigation and hearing being had on those three days, and testimony, both oral and documentary, being offered at that time, which showed conclusively that the rates as previously fixed by the Railroad Commission of Louisiana were unreasonable, unjust and unremunerative rates and were not affording the Cumberland Telephone and Telegraph Company a reasonable return for the service rendered or a just return upon the fair value of the property used and useful in the rendition of the service.

5. That after said hearing on December 17th, the case was closed and submitted to the Railroad Commission of Louisiana which took same under advisement.

6. That the Railroad Commission of Louisiana thereupon allowed all parties in interest an additional delay until December 31, 1920, to file briefs either in support of the application for an increase, or against said application.

7. That — the expiration of the delay allowed, namely on December 31, 1920, no briefs had been filed in opposition to said application for an increase in rates. That the case was thereupon closed on January 1, 1921.

8. That on January 25, 1921, twenty-five days after the closing of the case, the Railroad Commission of Louisiana met for consideration of said case, and was then and there advised that the City

of New Orleans desired to put in further testimony in said case and desired to file an application for a rehearing, which request the Railroad Commission took under advisement.

9. That thereafter, on January 28, 1921, without any notice to the Cumberland Telephone and Telegraph Company, the Chairman of the Railroad Commission of Louisiana, the Honorable
414 Shelby Taylor, and the member of said Commission from the City of New Orleans, the Honorable John T. Michel, had a conference in the City of New Orleans out of the presence of the Cumberland Telephone and Telegraph Company or its representatives, with the City Attorney of the City of New Orleans, the Assistant City Attorney of the City of New Orleans, the Mayor of the City of New Orleans and the Commissioner of Public Utilities of the City of New Orleans, in the City Hall at New Orleans, and after some discussion a formal application was presented to the two said Commissioners for a rehearing of the case, and an ex parte order was thereupon entered, re-opening the case in order to afford the City of New Orleans an opportunity to have an expert testify in opposition to the proposed increase of rates.

10. That thereafter the case was set down for further hearing at the regular session of the Railroad Commission of Louisiana in Baton Rouge on February 24, 1921, and that the Railroad Commission on said date, February 24, 1921, and the two following days, namely February 25 and February 26, 1921, proceeded to hear further evidence on the matter introduced by the City of New Orleans and such other persons as cared to offer evidence, and caused the Cumberland Telephone and Telegraph Company to submit all of its former witnesses for re-cross examination, which was done.

11. That the case was then argued on February 26, 1921, and after said full argument, the Commission took said case under advisement and proceeded to decide same on the night of February 26, 1921, after same had been fully heard and had been under advisement really since January 1, 1921—a period of approximately two months.

12. That, subsequently, the City of New Orleans filed what was termed an application for a second rehearing, which application was set down for argument on March 22, 1921, and was argued on said date and taken under advisement.

13. That on April 1, 1921, the Railroad Commission of Louisiana rendered a decision and order on said application for a second rehearing, by which it granted four months' additional time to the City of New Orleans to introduce further evidence, but in said order held its previous order and decision was correct and main-
415 tained same in full force and effect, except in so far as joint rates were concerned.

14. That within said four months' period, namely on July 1, 1921, the Louisiana Constitution of 1921 became effective, and the

Railroad Commission of Louisiana was thereupon superceded and its functions taken over by the Louisiana Public Service Commission.

15. That the Louisiana Public Service Commission, on July 1, 1921, entered its orders Nos. 1 and 2, putting into effect all the orders, rules, rates and regulations of its predecessor, the Railroad Commission of Louisiana, including the orders of the Railroad Commission of Louisiana of February 26, 1921, and of April 1, 1921, on the subject of telephone rates.

16. That on July 26, 1921, the Anti-Increase Telephone Association, acting through the City Attorney of the City of New Orleans, presented to the Louisiana Public Service Commission an application for a further continuance of the hearing on the matter, and the Louisiana Public Service Commission, on said application, continued said hearing subject to call on reasonable notice.

17. That from July 26, 1921, until April 28, 1922, no action was taken by any party upon said application, and no effort of any kind was taken, no hearing was had and no attempt was made to change the rates put into effect by the Commission by its orders of February 26, 1921, and April 1, 1921. That on April 29, 1922, a formal notice was served on the Cumberland Telephone and Telegraph Company, a copy of which is attached to this affidavit and marked Exhibit A. That this affidavit is made and filed for the purpose of showing the complete history of the transaction and for the purpose of showing that a hearing under the conditions set forth in the notice hereto attached and marked Exhibit A, is a denial to the Cumberland Telephone and Telegraph Company of the
416 equal protection of the law and an attempt to deprive it of its property without due process of law, in violation of the rules and regulations of the Railroad Commission of Louisiana and of the Louisiana Public Service Commission and of the Constitution of the United States, amendments five and fourteen, and of the Constitution of the State of Louisiana, paragraph 2, Section 1 of Article I.

(Signed) C. A. STAIR.

Sworn to and subscribed before me on this 2nd day of May, 1922.

[SEAL.] (Signed) FRANK T. DOYLE,
Notary Public.

417 Henriques No. 2.

Filed by J. C. Henriques 5/2, 1922. (Signed) Henry Jastremski, Secy.

Before the Louisiana Public Service Commission.

In re Resolution Adopted by the Louisiana Public Service Commission April 28, 1922, Citing the Cumberland Telephone & Telegraph Company to Appear Before Said Commission at New Orleans at Ten O'clock A. M. on Tuesday, May 2nd, 1922, "to Show Cause Why the Advance in Telephone Exchange Rates in Louisiana as Increased in Order No. 2397 of Railroad Commission of Louisiana Issued in Case No. 3052 on Docket of Railroad Commission and No. 48 on Docket of Louisiana Public Service Commission Should Not Be Cancelled and Set Aside and the Rates in Effect Prior to Said Advance Reinstated and Made Effective Pending a Decision of the Commission on the Application for Rehearing Granted in Said Proceeding, This Hearing to be Restricted to Oral Argument on the Record as Made up and Affidavits and Motions Which May Be Made, No Parole Testimony to be Heard at Said Hearing.

Affidavit of J. J. McTiernan.

STATE OF GEORGIA,
County of Fulton, ss:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at Large, J. J. McTiernan, who is personally known to me, and who being sworn deposes and says:

I am Chief Accountant of the Cumberland Telephone & Telegraph Company, and reside in Atlanta, Georgia. I have been continuously in the employ of said Company for the past ten years.

I am familiar with the books and accounts of said Company, which are under my immediate charge and supervision and know that its said books are correctly and accurately kept.

The Cumberland Telephone & Telegraph Company is under the jurisdiction of the Interstate Commerce Commission, and is required to, and does, make monthly and annual reports to said Commission. The books and accounts of said Cumberland Telephone & Telegraph Company are kept in strict accordance with the Uni-
418 form System of Accounts for Class A. Telephone Companies, prescribed by the Interstate Commerce Commission.

As of December 31, 1921, said Company owned and operated property in the State of Louisiana used and useful in furnishing its exchange and toll service therein, the original cost of which was $13,599,861.14.

The following statement, taken from the accounts and books of the Company, shows the average investment, revenue and expense for the State of Louisiana for the year 1921 to be as follows:

Average investment:	
Intangible Capital	$
Land	172,144.17
Buildings	680,816.55
Exchange Lines Equipment	7,993,207.60
Toll Lines	3,326,013.12
Office Furniture & Fixtures	92,536.30
Tools & Teams	165,671.18
Material & Supplies	261,035.36
Cash Working Capital	250,857.33
Total average investment	$12,942,281.61
Operating revenues:	
Exchange Service Revenues	3,540,440.51
Toll Revenues	1,553,853.29
	77,668.33
Total operating revenues	$5,171,962.13
Operating costs:	
Repairs	$693,123.41
Station Removals and Changes	92,475.32
Depreciation	747,831.23
Traffic Expenses	1,323,389.53
Commercial Expenses	566,273.86
General & Miscellaneous	173,054.18
Uncollectible Operating Revenues	20,018.48
Taxes	364,068.99
Rent and Miscellaneous Deductions	50,488.95
Licensee Revenue Debit	215,911.13
Total expenses and deductions	$4,246,635.08
Net Revenue	$925,327.05
Percentage per Annum of Net Revenue to Average Investment	7.15

419 No interest charges are included in the foregoing expenses.

The foregoing total exchange gross revenue shown in the foregoing statement was derived by charging, during the months of January and February, 1921, the schedule of rates authorized by the Commission by its Order of September 3, 1919, and by charging during the remaining ten months of said year, 1921, the rates approved by said Railroad Commission in its Order No. 2397, entered February 26, 1921.

The increased revenue received by said Company from charging said schedule of rates approved by said Order 2397 of the Commission, during the last ten months of the year 1921 amounted to $495,612.00.

Had said Company continued to operate its property in Louisiana throughout said year 1921 by charging the rates approved by said Commission by its Order of September 30, 1919, said Company's net revenue during the said year would have been $452,018.00, and its net operating revenue during said year would have been at the rat of 3.49% upon its averate investment of property used and useful in furnishing service in said State.

The foregoing statement includes revenue received from all of its interstate business originating in Louisiana and that part of the expenses incident thereto which was incurred in Louisiana.

I have had experience in making separation of the interstate and intrastate toll business and expenses connected with each in several states to obtain the investment, expenses and revenue properly apportioned to said interstate and intrastate business, respectively; and in each instance the ratio of net operating return has been smaller, or the ratio of deficit has been greater, resulting from the furnishing of intrastate service exclusively. Based upon my experience in such separation, and my knowledge of the fact that the business in Louisiana is conducted in the same general way, and upon my knowledge of the operations in Louisiana, when all
420 the property expenses and revenue connected with the company's entire interstate business in the State of Louisiana is excluded, the net operating return from its exclusively intrastate business in said state will be less than the results shown above. The accounting instruction promulgated by the Interstate Commerce Commission does not provide for the accounts to be kept so as to separate interstate and intrastate business.

(Signed) J. J. McTIERNAN.

Sworn to and subscribed before me this 29th day of April, 1922.

(Signed) OTEY B. MITCHELL,
Notary Public, State at Large, Atlanta, Ga.

421 Henriques No. 3.

Filed 5/2/1922, by J. C. Henriques. Henry Jastremski, Secy.

Before the Louisiana Public Service Commission.

In re Resolution Adopted by the Louisiana Public Service Commission April 28, 1922, Citing the CUMBERLAND TELEPHONE & TELEGRAPH COMPANY to Appear Before said Commission at New Orleans at Ten o'clock A. M. on Tuesday, May 2nd, 1922, "to Show Cause Why the Advance in Telephone Exchange Rates in Louisiana as Increased in Order No. 2397 of Railroad Commission and No. 48 on Docket of Louisiana Public Service Commission Should Not be Cancelled and Set Aside and the Rates in Effect Prior to said Advance Reinstated and Made Effective Pending a Decision of the Commission on the Application for Rehearing Granted in said Proceeding, This Hearing to be Restricted to Oral Argument on the Record as Made up and Affidavits and Motions Which May be Made, no Parole Testimony to be Heard at said Hearing."

Affidavit of George J. Yundt.

STATE OF GEORGIA,
Fulton County, ss:

This day personally appeared before me, the undersigned Notary Public for the State of Georgia at Large, George J. Yundt, who is personally known to me, and who being sworn deposes and says:

I reside at Atlanta, Georgia, and am Vice President of the Cumberland Telephone & Telegraph Company.

I am an electrical engineer by profession, having received the degree of Bachelor of Science of Electrical Engineering from the Pennsylvania State College. I have been continuously in the employ of the Southern Bell Telephone and Telegraph Company for more than twenty two (22) years, and in the employ of the Cumberland Telephone & Telegraph Company for more than ten (10) years.

For more than two years I have been Operating Vice President for both of said Companies, being in charge of the construc-
422 tion, maintenance and operation of the properties of said Companies; prior to said time for a period of fourteen (14) years I was Chief Engineer of the Southern Bell Telephone and Telegraph Company for a period of eight (8) years I was Chief Engineer of the Cumberland Telephone & Telegraph Company; in both of said capacities I was in intimate touch and had personal knowledge of the construction, maintenance and operation of said properties in the State of Louisiana.

I am thoroughly familiar with the kind and class of properties used by the Cumberland Telephone & Telegraph Company in furnishing telephone service in the State of Louisiana and with the

necessary cost of constructing and maintaining such property and have an intimate knowledge of the condition of such property.

During the first part of 1921 I made an appraisal of all the telephone lines and equipment of the Cumberland Telephone and Telegraph Company in the States of Mississippi and Tennessee and during the latter part of 1921 I began the making of an inventory and appraisal of all of said property in both of said States, which inventory and appraisal is now complete, except for the tabulation of results in certain forms. Each appraisal showed that the reproduction cost of said property in its depreciated condition at the time of each appraisal, including the present time, making full deductions for depreciation in said property, was in excess of the original cost, or investment in said property.

The telephone property of the Cumberland Telephone & Telegraph Company, including its lines and equipment, in the State of Louisiana, is of the same design, character and manufacture and is maintained under the same specifications and under the same conditions as is the property of said Company in the State of Mississippi and Tennessee. The costs entering into the reproduction of said Cumberland Telephone & Telegraph Company's properties in Louisiana at this time are the same as the costs of reproduction of such properties in the States of Mississippi and Tennessee.

423 Based upon my knowledge and experience of the construction, reconstruction and maintenance of telephone property and my knowledge of the cost of construction of such property at this time, the reproduction cost of said Cumberland Telephone & Telegraph Company's property in Louisiana in its present condition at this time, making full allowance for depreciation of said property is in excess of and greater than the original costs of, or investment in said property, shown by the affidavit of J. J. McTiernan filed herein; and the fair and reasonable value of said Cumberland Telephone & Telegraph Company's property in Louisiana at this time in its present condition is greater than the said original cost or investment in said property as shown by said affidavit of J. J. McTiernan.

I am familiar with the telephone plant of said Cumberland Telephone & Telegraph Company in Louisiana, and same is of modern design, is efficiently operated and maintained and said Company furnishes adequate and efficient service to its existing patrons in said State.

(Signed) GEO. J. YUNDT.

Sworn to and subscribed before me this 29th day of April, 1922.

(Signed) OTEY B. MITCHELL,
Notary Public, State at Large, Atlanta, Ga.

424 *Western Union Telegram.*

Received at 65CH OJ 90 NL 2 Extra.

Lake Charles, La., 1101A, May 2, 1922.

Louisiana Public Service Commission,
City Hall, New Orleans, La.:

Resolved that on account of the reduction in almost every commodity and the reduction in the price of labor the increase in telephone rates granted by the Railroad Commission is unreasonable and unjust be it further resolved that this council request the Louisiana Public Service Commission to rescind the order granting said increase and to make the order retroactive and order the telephone company to refund the amounts paid thereunder. The above resolution was passed by the City Council of Lake Charles on May 1, 1922.

A. O. KING,
City Attorney. 437P.

425 5/22/1922. Filed by Judge R. R. Reid, Representing Louisiana Anti-Tel. Increase League. (Signed) Henry Jastremski, Secretary.

STATE OF LOUISIANA,
Parish of Caddo:

Before me, the undersigned authority, personally came and appeared Robert A. Reed, who being by me first duly and legally sworn, says:

I.

That he is the General Manager of the Vivian Telephone Company of Vivian, Louisiana, which is a town of approximately 3,500 people, and in and around said town the said Telephone Company has approximately 330 stations, having been in business since the year 1909.

II.

That up until some months ago, the Vivian Telephone Company operated upon a charge of $1.65 per month for residence telephones and $2.75 per month for business telephones; that on the 1st day of January, 1922 it installed a new and modern telephone exchange in the said Town of Vivian, Louisiana, equipped with a flashlight system and with telephone facilities equal to that of any town in the state, and thereafter made application to the Louisiana Public Service Commission that the Telephone Exchange of Vivian, Louisiana, in consideration of its new facilities and conveniences, be permitted to charge $2.00 per month for residence telephones and $3.00 per month for business telephones.

III.

That the charges as allowed by the Commission were, as stated in his application, just and reasonable and sufficient to allow interest, dividends, reasonable depreciation and cost of operation.

426 IV.

That at Morringsport, Louisiana, where there are but 180 station-, your affiant is informed that a charge is exacted of $2.50 per month for residence telephones and $3.50 per month for business telephones; and that such other discriminations exist throughout the state under the new rate advances allowed by the Cumberland Telephone Company, all of which, as an operating telephone man in the State of Louisiana, your affiant is unable to explain, particularly in view of the fact, that at these exchanges of the Cumberland Telephone & Telegraph Company, there is not operated a flashlight system or anything of its kind equal to the character of service supplied in Vivian, Louisiana, and upon which the Telephone Company is operating at a reasonable rate.

V.

That the Vivian Telephone Exchange receives for its long distance service only 25% of the long distance revenues for one way, making an average of 12½% of the long distance revenues for both ways, and stands all loss and liability for non-collection thereon, the balance of which goes to the Cumberland Telephone & Telegraph Co., that the independent telephone exchange is subjected to some handicaps by reason of such a situation, which does not apply to the Cumberland Telephone & Telegraph Co.

(Signed) R. A. REED.

Sworn to and subscribed before me on this 29th day of April, 1922.

(Signed) CLIFTON F. DAVIS,
Notary Public.

427 Filed 5/2, 1922, by Judge R. R. Reid. (Signed) Henry Jastremski, Secretary.

New Orleans States.

New York Stock List.

Price Range for Week.

1922.

						For week ending April 29.		
High.	Low.	Div. rate.				High.	Low.	Close.
*	*	*	*	*	*	*	*	
124⅝	114½	9	xAm.	Tel.	Tel.	124⅛	121½	122¼
*	*	*	*	*	*	*	*	

New York Bond List.

Closing.

	Bid.	Asked.
* * * * * * *		
Am. T. T. 6s 1924	116	116¾
* * * * * * *		

428 Filed by R. A. Viosca, A. City Atty., 5/2, 1922. (Signed) Henry Jastremski, Secretary.

Railway Commission of Louisiana.

No. 3052.

CUMBERLAND TELEPHONE & TELEGRAPH COMPANY, INC. Ex Parte.

Rene Viosca who being duly sworn, deposes and says:

That he is Assistant City Attorney of New Orleans and has been since December 6th, 1920:

That on December 14th, 1920, Hon. Paul H. Maloney, Commissioner of Public Utilities, advised the City Attorney's office that he had noticed in the newspapers that the Cumberland Telephone & Telegraph Company was applying for an increase of rates throughout the State of Louisiana and that the hearing would begin the next morning, December 15th;

That he, Commissioner Maloney, thought that he, in conjunction with a representative of the City Attorney's Office ought to go to Baton Rouge the next morning to ascertain the nature of the proceedings and to take steps to protect the interest of the people of New Orleans;

That the next morning Commissioner Maloney and affiant went to Baton Rouge on the earliest train, arriving there about 10.40 a. m., and found that the proceedings were beginning; that affiant then stated to the Railroad Commission that Commissioner Maloney and affiant represented the City of New Orleans in the case and had come up to ascertain what the case was and requested an extension of time in order that they might properly prepare themselves to take part in the proceedings and cross-examine the witnesses of the Telephone & Telegraph Company on the highly complicated and technical evidence and legal points at issue;

That the request for postponement was denied by Chairman Taylor and affiant was forced to go into the case then and there without preparation and was ordered to file motion for time to present
429 further evidence, which motion the Chairman stated would be passed on at the conclusion of the hearing;

That affiant particularly calls attention to pages 106, 107, 108 and 109 of the note of evidence taken at Baton Rouge on December 15th, 16th and 17th, 1920, showing some of the objections made by affiant

to proceeding with the case and some of the rulings made by Chairman Taylor on said objections;

That Commissioner Maloney and affiant remained in Baton Rouge two full days taking part in the proceedings as best they could; that from the very nature of the case and under the circumstances above recited, it was obviously impossible that a proper cross-examination of the witnesses be made; and, in reality, the hearing amounted to an ex parte proceeding and the judgment subsequently rendered in reality, amounted, for these and other reasons, to a judgment by default against the public;

That at the subsequent hearings of the Commission, the City was represented by City Attorney Kittredge, as will appear further from the record.

(Signed) RENE A. VIOSCA.

Sworn to and subscribed before me this 2d day of May, 1922.

(Signed) FRANK A. MILLER,
[SEAL.] *Notary Public.*

430 Kittredge #1.

Filed 5/2, 1922, by Ivy G. Kittredge. (Signed) Henry Jastremski, Secretary.

STATE OF LOUISIANA,
Parish of Orleans:

Before me, the undersigned authority, personally came and appeared,

Paul H. Maloney and Ivy G. Kittredge, who being duly sworn, each deposes and says:

The first that he is a duly qualified member of the Commission Council of the City of New Orleans and is the Commissioner of Public Utilities; the latter says he is the duly qualified City Attorney.

That each has been acting in this capacity since December 6th, 1920. That the said Commissioner of Public Utilities attended the first hearing before the Railroad Commissioner of Louisiana in Baton Rouge under the application of the Cumberland Telephone Company for an increase of State wide telephone rates; that said hearing was held in December, 1920, a few days after the present Council of New Orleans had been inducted into office. That totally unprepared, said Maloney accompanied by the first Assistant City Attorney, Rene A. Viosca, on two days' notice attended said hearing but, as a matter of course, that neither had the time to investigate and gather any evidence nor were they prepared at said hearing to present any argument against the claims of the said Telephone Company;

That this fact was at the hearing explained and emphasized to the Railroad Commission and that they then and there requested further time so that the City of New Orleans and other municipalities and individuals could present their case so that the Commission would

have before them the evidence pro and con and be able to render a true and correct finding; notwithstanding this explanation and request, the said Commission, through its Chairman, Hon. Shelby Taylor, ordered the hearing to continue, telling them they could produce any evidence they had, which permission he knew could result in adducing no evidence at that time because he had
431 been so told.

That upon the closing of the first hearing said Maloney while in Baton Rouge ordered from the official stenographer of the Commission, a copy of the testimony that had been offered before the Commission;

That thereafter the said Kittredge and also the said Maloney telephoned and wired more than once and otherwise communicated to the said official stenographer, Sherer, urging him to forward the copy of the testimony ordered for the City of New Orleans; that notwithstanding these repeated efforts, they had been unable to get said copy of January 29th, 1921, over a month after the hearing, because the said stenographer said he had been too busy to writ up the evidence;

That said evidence was absolutely necessary for the City and others oposing the raise in rates to intelligenlty meet and challenge the same to and to adduce their own evidence;

That early in January they renewed their application to the Railroad Commission to grant them a continuance so that they might procure experts to go over the books of the Company in order to show that no raise was necessary in this State and in this City; that as a result of these request, Hon. Shelby Taylor and Hon. John Michel of said Commission called at the City Hall on January 28th, 1921 and there interviewed affiants, who urged upon the said Commissioners for a delay, reasonable and sufficient for the City and others at interest to make up their case, secure experts and present the people's side of the case;

It was fully explained that the necessary qualified experts would have to be procured from the North and then with a sufficiently organized force go over, check up and analyse the books and the accounts of the said Company, both at their home office in Atlanta, Ga. and at their offices in New Orleans or elsewhere and that such preparation of evidence would consume at least two or three months because it would take a week or ten days to get the experts down here or to Atlanta and get them started.

432 Notwithstanding these pleas the Hon. Shelby Taylor, who was spokesman, persistently and emphatically declined and refused to grant a further delay than February 24th, 1921, alleging as his reasons that there had already been too much delay at the expense of the Cumberland Telephone Company, who had a right to have the hearing resumed and completed, in what he called a reasonable time. His answers were that the City of New Orleans and others had slept on their rights because the case had been pending before the Commission since the previous autumn.

Affiants answered that was an unfair answer as to the City of New Orleans because a new administration had been inducted into office early in December and that they should not be blamed for

the indifference or neglect of their predecessors but that since induction the City had made every effort, through affiants, who hastened the case and assisted the Commission by presenting both sides to it;

That to resume the case in a little over three weeks would mean that the City could not repare its side and that hence it was in the interest of the Commission itself, with a- opportunity offered to get all of the complicated evidence before them, as an assistance in rendering a fair and intelligent decree;

To all of this Mr. Taylor repeated his answer that the Telephone Company had a right to a hearing; it was not the fault of the Commission if the City of New Orleans had changed administrations and that they could not and would not take cognizance of the said general election, but that they would give a continuance until February 24th and not a day longer.

Affiants further say that on February 24th, when the trial was resumed, said Kittredge did before the Commission and on behalf of not only the City but the whole State, whose case he was espousing, and notwithstanding every effort on the part of himself and said Maloney, their witnesses, although they had visited Atlanta, had been unable to prepare and gather the essential evidence on the main and prominent features of the case; that they had
433 procured Mr. Mark Wolff, a Utility Expert Accountant, with Assistants, who had worked day and night and who were there to testify as far as they had gone but who had been utterly unable to cover the vast field covered by the Telephone Company's expert witnesses, much less to adduce new evidence along the same lines; to all of which pleas the Commission had but one answer—a firm refusal to delay or continue the case another day.

This statement is made because the Transcript of that date has merely referred to the request and refusal thereof without taking down the argument and pleas or the Commission's answer and refusal thereof in the first person.

Affiants further say that the same conditions apply today and that some months will be necessary to prepare this case through the employment of engineers and accountants so that this utility could intelligently determine the issue; that it is their belief from the investigation so far that the said Telephone Company as to the result of this decree shall then have earned nearer 11% than about 8% that they asked for and that as both labor and commodities have continued to go down since February 1921 when the decree was rendered, raising the rates all over this State; that said Telephone Company is probably now earning a larger net revenue than said 11%.

Affiants further say that the Transcript of the testimony taken at the December hearing of this case was never received until February 11th, 1921.

(Signed) IVY G. KITTREDGE.
(Signed) PAUL H. MALONEY.

Sworn to and subscribed before me this 2 day of May, 1922.
(Signed) HUEY P. LONG,
Chairman Louisiana Public Service Commission, in Session.

434 *Affidavit of Mark Wolff.*

Filed Jun. 23, 1922.

STATE OF LOUISIANA,
Parish of Orleans:

Before me the undersigned authority, personally came and appeared Mark Wolff, who having been by me first duly and legally sworn, deposed and said:

That he is a resident of New York City, New York, and engaged in the profession of accountancy, being a Certified Public Accountant of New York state, making a specialty of public utility investigations; that during the past ten years he has made over forty investigations of public utilities, water, gas, electric light, street railway, ferry, and telephone companies, representing and advising municipalities, and public service commissions; that his practice has been in the states of New York, New Jersey, Michigan, Minnesota, Pennsylvania, Alabama, Mississippi, Tennessee, Louisiana, U. S. A. and Province of Quebec, Canada; that the companies investigated up to February, 1921, are given in Exhibit "Wolff 1" in the proceeding entitled "Cumberland Telephone and Telegraph Company, ex parte," No. 3052 on the docket of Railroad Commission of Louisiana, and No. 48 on the docket of Louisiana Public Service Commission; that since testifying in the Louisiana telephone case he has been employed in seven other investigations of public utilities.

Among the public utility companies investigated are the New York Telephone Company, the Southern Bell Telephone and Telegraph Company and the Cumberland Telephone and Telegraph Company; the principal investigations of the New York Telephone Company were made by him from 1918 to 1920, inclusive; that he was during this time chief accountant in the complaints made by the city of Syracuse, New York; the City of Buffalo, New York; and the City of New York, New York; that the investigation of the Southern Bell Telephone and Telegraph Company made from the reports of that company to the Interstate Commerce Commission was on behalf of the Associated Municipalities of the State of Alabama, including Birmingham, Montgomery and Mobile; that the investigations of the Cumberland Telephone and Telegraph Company were on behalf
of the Attorney-General of Mississippi, the City of New Or-
435 leans, Louisiana, and the Associated Municipalities of Tennessee, including Memphis, Knoxville, Chattanooga and Nashville.

That as expert for the City of New Orleans, Louisiana, he prepared forty-eight exhibits which were offered and filed at the hearings before the Railroad Commission of Louisiana in February 21;

that his Exhibit No. 45 showing comparative investment, revenues, expenses and return, Alabama, Mississippi, Louisiana and balance of Cumberland system shows that in Mississippi the Company was earning 4.16%, and estimated that the rates which the telephone company asked the Mississippi Railroad Commission to approve would have yielded 5.25%; that the per cent. earned in Louisiana was 5.29%, and estimated that the rates which the Telephone company asked the Louisiana Commission to approve would have yielded 8.23%; that in Alabama the Southern Bell Telephone and Telegraph Company earned 3.55%, and requested to earn 6.2%, and that the increase allowed by the Commission there according to its order will yield a return of 4.95% on the rate base fixed; that Hoxsey's Exhibit 6 filed with the Tennessee Railroad Commission shows the percentage of earnings on various bases should that Commission grant the rate increased proposed and that these percentages are as follows:

Ratio of Above Net Revenue to the Several Valuations.

Yundt.	Sloan.	Hoxsey.	Investment.
4.14%	4.60%	4.38%	6.05%

Since I testified before the Alabama Public Service Commission there has been a change in the personnel of the Chairman, from whom I have received a communication stating that his commission has recently commenced an investigation looking toward a revision of the telephone rates of the Southern Bell Telephone and Telegraph Company.

The Mississippi Railroad Commission increased the rates of the Cumberland Telephone and Telegraph Company in that state but on appeal the courts have reversed the Commission's decision with the result that the increased rates never went into effect. I understand that the reason for the denial by the courts of the increased rates was because the company asked to have only its exchange rates increased and failed to show what rate of return it was earning on its exchange service; that this showing would have been possible only if the company had separated its interstate from in-
436 trastate business and the latter in turn segregated between exchange and toll, which it did not do in said state.

That a few weeks ago I received a communication signed by Honorable Frank Robertson, Attorney-General of Mississippi, stating that the Cumberland Telephone and Telegraph Company had withdrawn all suits in the courts, both state and federal, looking toward the increased rates.

(Signed) MARK WOLFF.

Sworn to and subscribed before me on this June 23, 1922.

(Signed) F. W. GAUDIN,

[SEAL.] *Notary Public.*

437 *Affidavit of Francis Williams.*

Filed Jun. 23, 1922.

STATE OF LOUISIANA,
Parish of Orleans:

Before me, the undersigned authority, personally came and appeared Francis Williams, to me well known, who being by me first legally and duly sworn, deposes and says:

That he is a member of the Louisiana Public Service Commission, having taken the oath of office in the month of April, 1922, having been elected in a general election a short time prior thereto; that prior to his election and prior to his becoming a candidate either in the Democratic Primary for the nomination or in the general election, he was familiar with the case of the Cumberland Telephone and Telegraph Company, which bore Docket No. 3052 of the Railroad Commission of Louisiana, and Docket No. 48 of the Louisiana Public Service Commission. That among other things he was familiar with the fact that along about the month of September, 1920, the said Cumberland Telephone and Telegraph Company had filed with the Railroad Commission of Louisiana an application for increase in rates, in which application the said company had admitted that it had earned a net return of 5.92% for the preceding fiscal year, after allowing all such claims which it charged as offsets out of operating revenues, and that such rates of return were at a time when practically all of the public utilities in the United States had faced serious economic losses and reverses and many of the same had been compelled to seek relief through receivership and bankruptcy.

That he was further apprised that the said company in valuing its property had not discounted from its assets accrued depreciation amounting to approximately two million dollars, and which it admitted as having been taken out of the property prior to the application; that being also familiar with the Constitution of the United States and of the State of Louisiana, with the statutes of the United States and of the State of Louisiana, and with the jurisprudence of the United States and the State of Louisiana to a certain extent, he was of the opinion that the granting of an increase in such times and during periods of economic reverses and depressions was
438 an injustice, and so expressed his opinion in the campaign which he was making for election to the office of Public Service Commissioner; that his statements were based solely upon the admissions of the Cumberland Telephone & Telegraph Company and such statements as it admitted in the record under oath, and were not predicated upon any other fact other than the admissions of the Cumberland Telephone & Telegraph Company. But that upon taking the oath of office as Public Service Commissioner he was unwilling to vote for the entering of any order, however preliminary the same might be, without he had opportunity to fully

verify such impressions as he had entertained, and therefore voted for the giving of such a hearing before the Commission from which he might determine the correctness of the conclusions which he had reached, fully intending that no position which he took in the case as an Official should be other than such as he was justified by the facts and the law as disclosed in the record made up under oath.

(2) That the order which he signed on the 13th day of May, 1922, by which a re-hearing was ordered in the case of the Cumberland Telephone & Telegraph Company, as above numbered, was signed by him in accordance with his understanding of the record in the case; that the same was not in any manner or to any extent brought about by any bias or prejudice, but was signed by him after deliberate study of the record and a careful perusal of all exhibits and consideration of all arguments which were made by the opposing sides.

That under the oath which he took to support the Constitution and laws of the United States and the Constitution and laws of the State of Louisiana, and to fairly and impartially discharge the duties of the office to which he was elected and commissioned, and in accordance with the same, he signed the order of May 13th, 1922, and as a sworn official he could not otherwise cast his vote than he has heretofore done without violating the principles of the oath which he has taken and without subjecting himself to censure in his own conscience.

(3) That in the future he will give to the said Cumberland Telephone and Telegraph Company every fair and honorable consideration to which it is entitled, and that he will render such decisions and opinions as from the law and evidence he considers meet and proper, but that as he understands the law it would not be
439 proper to allow to this concern a discriminatory charge above a lawful rate of interest based upon such lawful calculations as are held to be proper by the Supreme Court of the United States and by the Supreme Court of the State of Louisiana.

(Signed) FRANCIS WILLIAMS.

Sworn to and subscribed before me this June 23rd, 1922.

(Signed) F. W. GAUDIN,
[SEAL.] *Notary Public.*